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MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

January 9, 1996
1:00 P.M.
Room 402
1155 Market Street, Fourth Floor

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COMMISSIONERS

Marion E. Otsea, President

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E. Dennis Normandy

Robert K. Werbe

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Water Department

Hetch Hetchy

BUREAUS

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. CALL TO ORDER: 1:05 p.m.
2. ROLL CALL: Present - President Marion E. Otsea, Vice President Yasin "Sal" Salma, Commissioner Morton Miller, Commissioner E. Dennis Normandy, Commissioner Robert K. Werbe
3. APPROVAL OF MINUTES
There were no minutes submitted for approval.
4. COMMUNICATIONS
No action was taken.
5. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS
There was no old business introduced by Commissioners.
6. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS
There was no new business introduced by Commissioners.
7. REPORT OF THE GENERAL MANAGER

Operations Management

Cheryl K. Davis, Manager, Water Supply & Treatment Division, reported that Mr. Dale Newkirk had entered into an agreement with Olivia Chen Consultants, Inc. to provide operations management support to the Water Supply and Treatment Division. Staff intend to create a new classification which will take several months. This employment will bridge the gap until the new classification has been created. It is anticipated that Mr. Newkirk would be employed for a minimum of six months and a maximum of 18 months which is the balance of the term of the contract.

Commissioner Werbe requested that staff provide information on the amount of money paid to the Chen firm in a year. Commissioner Salma expanded the request to include all consulting contracts for 1995.

Laboratory Certification

Andrew de Graca, Manager, Water Quality Division, reported that in the last State certification of our laboratory, the department received a 100% rating in its semiannual State performance evaluation.

Leases and Permits

Anson B. Moran, General Manager of Public Utilities, informed the Commission that in regards to the lease the Commission approved with California Book Company, Ltd., on December 19, 1995, the terms of the lease state that the rental shall be \$4,000 per month or 4 percent of the sales, whichever is greater. At the time of approval, staff had misstated the terms. The Commission approved the lease as written.

Mr. Moran reported that in response to the Commission's inquiry, he had determined that staff was not renewing permits without the Commission's approval. He said that there are many old permits that are part of the backlog in the department. President Otsea expressed concern about disparate fees for use of the right of way. Mr. Moran replied that each matter needs to be reviewed separately. Ms. Davis stated that staff would explore alternatives regarding use of the right of way and would present their findings to the Commission on February 13, 1996.

Municipalization Feasibility Study

Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power, discussed options regarding how the department should proceed with the municipalization feasibility study. He identified the range of options as: 1) do it in-house; 2) seek competitive bids; or 3) go to a sole source contract. He said that in discussions with members of the Board of Supervisors the opinion was expressed that the Commission's previous decision to limit follow-on work may have had an effect on the number of bidders. There was also a question as to what is a conflict of interest. President Otsea supported continuance of the limitation on follow-on work. The other Commissioners concurred. Commissioner Salma said that the purpose of this contract is to advise the Commission on this project only. Mr. Klein said that another issue was who would manage the project. President Otsea suggested the following format: staff will solicit bids; the choice will be made by the Commission; there will be a condition of no follow-on work; and input will be sought from Supervisor Angela Alioto and other Supervisors as to who should be excluded on the basis of conflict of interest.

Mr. Klein stated that staff had proposed a scope of work that took into consideration the restructuring that is occurring in the industry and looked at a set of options. The Board of Supervisors' Select Committee on Municipal Public Power believes that only one option should be examined and that is a buy out of the distribution system. President Otsea urged staff to brief members of the Board on the impacts of deregulation on the industry.

8. Public Comments

Marvin Feldman, representing Resource Decisions/ETAG, the second bidder on the municipalization study, inquired as to whether the previous solicitation had been withdrawn. President Otsea replied affirmatively.

9. Resolution commending Hans Loffeld.

Motion made by Commissioner Werbe, seconded by Commissioner Salma, to adopt Item 9; carried (5-0) by unanimous vote.

Resolution No. 96-0001: Commending Hans Loffeld, Manager, Bureau of Management Information Systems, for his dedication and services to the Public Utilities Commission.

10. Resolution commending Ed Stewart.

Motion made by Commissioner Normandy, seconded by Commissioner Werbe, to adopt Item 10; carried (5-0) by unanimous vote.

Resolution No. 96-0002: Commending Ed Stewart, Watershed Manager, for his dedication and services to the Public Utilities Commission.

11. Amendment to the agreement with The Planning Collaborative.

Motion made by Commissioner Werbe, seconded by Commissioner Miller, to adopt Item 11; carried (5-0) by unanimous vote.

Resolution No. 96-0003: Authorizing the General Manager of Public Utilities to execute the sixth amendment to the agreement with The Planning Collaborative to develop a Specific Plan for the Bernal Property; increasing the contract amount by \$250,000; and approving the release of contract retainages withheld on contract amendments 1 through 4 of approximately \$215,000.

12. Approving the Bernal Property Letter Agreement.

Motion made by Commissioner Werbe, seconded by Commissioner Salma, to adopt Item 12; carried (5-0) by unanimous vote.

Resolution No. 96-0004: Approving the Bernal Property Letter Agreement; and authorizing the General Manager of Public Utilities or the Bernal Property Project Manager to execute a development application and related documents for the proposed Bernal development.

13. Public Hearing to consider adopting the Update to the San Francisco Water Department Retail Urban Water Management Plan.

Commissioner Miller moved, seconded by Commissioner Salma to continue Item 13 to March 12, 1996; carried (5-0) by unanimous vote.

14. Authorizing a toilet rebate program to nonpaying municipal water accounts.

John Mullane, General Manager, San Francisco Water Department, recommended that Items 14 and 15 be tabled. Mr. Mullane stated that the department is signatory to the Memorandum of Understanding on water conservation which requires the department to provide a mechanism to retrofit the toilets in at least 1% of the commercial, industrial and institutional buildings in San Francisco. Last year the department delivered \$4.9 million of free water to general fund departments. Although the general fund departments do not pay for the water they use, they do pay the sewer charge associated with that usage. He said that studies have shown that significant savings can be achieved from the toilet retrofit program.

Commissioner Werbe moved, seconded by Commissioner Salma to table Item 14; carried (5-0) by unanimous vote.

15. Authorizing the General Manager of the San Francisco Water Department to enter a Memorandum of Understanding with the San Francisco Department of Public Works setting the cost to replace water inefficient flush valves with 1.6 gallon flush valves in municipal buildings.

Commissioner Werbe moved, seconded by Commissioner Salma to table Item 15; carried (5-0) by unanimous vote.

16. Authorizing a revocable use permit to Alameda County Water District to install a Supervisory Control and Data Acquisition (SCADA) system.

Commissioner Miller moved, seconded by Commissioner Salma to continue Item 16 to February 13, 1996; carried (5-0) by unanimous vote.

17. Authorizing a Memorandum of Understanding with the Coastside County Water District for a joint study.

Joshua Milstein, Deputy City Attorney, stated that he had participated in the Pilarcitos Creek Restoration Group, which was formed by the Department of Fish and Game and the Regional Water Board to spend money derived from fines from a sediment spill. The group suggested that Coastside consider an alternative for replacing a pipeline that uses the stream channel as part of its CEQA process. This study would determine if this is a feasible idea.

Motion made by Commissioner Werbe, seconded by Commissioner Salma, to adopt Item 17; carried (5-0) by unanimous vote.

Resolution No. 96-0005: Authorizing the General Manager of Public Utilities to execute a Memorandum of Understanding with the Coastside County Water District to jointly conduct water resources studies to evaluate the feasibility of a water release and recapture facility within the Pilarcitos Creek Watershed below Stone Dam for an amount not to exceed \$25,000.

18. Presentation regarding PUC Facilities Vulnerability Study.

Commissioner Miller moved, seconded by Commissioner Salma, to continue Item 18 to January 23, 1996; carried (5-0) by unanimous vote.

19. Authorizing Amendment No. 2 to the agreement with Westin Engineering, Inc.

Motion made by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 19; carried (5-0) by unanimous vote.

Resolution No. 96-0006: Authorizing the Manager of Utilities Engineering Bureau to execute Amendment No. 2 to the agreement with Westin Engineering, Inc. to provide engineering services for the San Francisco Water Department Supervisory Control and Data Acquisition (SCADA) System; extending the contract completion date to October 31, 1996.

20. Approving Modification No. 1 to Hetch Hetchy Contract No. HH-837.

Motion made by Commissioner Normandy, seconded by Commissioner Miller to adopt Item 20; carried (5-0) by unanimous vote.

Resolution No. 96-0007: Approving Modification No. 1 to Hetch Hetchy Contract No. HH-837, Moccasin Penstock Anchor Block Repairs, with A. Ruiz, Construction Co., Inc., for the improvement and repair of the Upper Rattlesnake Creek Diversion Tunnel; for an amount not to exceed \$150,000; and approving the transfer of \$150,000 from Priest Reservoir Outlet Tunnel Project to this project.

21. Authorizing second amendment to the personal services contract with Bruce Lymburn.

Motion made by Commissioner Normandy, seconded by Commissioner Werbe, to adopt Item 21; carried (5-0) by unanimous vote.

Resolution No. 96-0008: Authorizing the General Manager of Public Utilities to execute a second amendment to the personal services contract with Bruce Lymburn for services to be provided in connection with Water Department leases; increasing the contract amount from \$100,000 to \$200,000 and extending the term of the contract to December 31, 1996.

CLOSED SESSION

22. Public Comments on matters to be discussed in Closed Session.

Regarding Item 24, the 1993/94 Compliance Audit, John Ummel, representing the Bay Area Water Users Association, stated that the association had submitted its recommendation to the General Manager of Public Utilities.

The meeting recessed at 2:35 p.m. for a closed session. The meeting reconvened in open session at 3:45 p.m. Romaine A. Boldridge, Commission Secretary, announced that no action had been taken by the Commission in the closed session.

23. CONFERENCE WITH LEGAL COUNSEL - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant
Regarding access rights of adjacent property owners
across the Sunol watershed.

No action was taken.

24. CONFERENCE WITH LEGAL COUNSEL - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant
Regarding 1993/94 Compliance Audit

No action was taken.

25. PUBLIC EMPLOYEE APPOINTMENT - Pursuant to Government Code Section No. 54957:

Position: Director, PUC Bureau of Finance

No action was taken.

Commissioner Werbe moved, seconded by Commissioner Miller, not to disclose the discussion during the closed session; carried (5-0) by unanimous vote.

Thereupon, the meeting was adjourned: 3:50 p.m.

Romaine A. Boldridge
Commission Secretary

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MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

*** SPECIAL MEETING**

January 11, 1996
12:00 P.M.
Room 402
1155 Market Street, Fourth Floor

COMMISSIONERS

Marion E. Otsea, President
Yasin "Sal" Salma, Vice President
Morton Miller
E. Dennis Normandy
Robert K. Werbe

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Personnel and Training
System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. CALL TO ORDER: 12:07 p.m.
2. ROLL CALL: Present - President Marion E. Otsea, Vice President Yasin "Sal" Salma, Commissioner Morton Miller, Commissioner Robert K. Werbe

Excused - Commissioner E. Dennis Normandy

3. Public Comments on matters to be discussed in Closed Session.

There were no public comments received.

The Commission went into closed session at 12:08 p.m. to discuss the following matter:

4. PUBLIC EMPLOYEE APPOINTMENT - Pursuant to Government Code Section No. 54957:

Position: Director, PUC Bureau of Finance

Motion made by Commissioner Miller, seconded by Commissioner Werbe, to approve the appointment of Steven Carmichael for the position of Director, Bureau of Finance, Public Utilities Commission; carried (4-0) by unanimous vote.

Resolution No. 96-0009: Approving the appointment of Steven Carmichael as Director, Bureau of Finance, Public Utilities Commission to be effective on a date to be determined by the General Manager.

At 12:10 p.m., the Commission resumed in open session. Romaine A. Boldridge, Commission Secretary announced the action taken by the Commission approving the appointment.

Commissioner Salma moved, seconded by Commissioner Miller not to disclose the discussion during the closed session; carried (4-0) by unanimous vote.

The meeting was adjourned at 12:12 p.m.

Romaine A. Boldridge
Commission Secretary

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MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

January 23, 1996
1:00 P.M.
Room 402
1155 Market Street, Fourth Floor

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COMMISSIONERS

Marion E. Otsea, President

E. Dennis Normandy

Robert K. Werbe

Henry E. Berman

Victor G. Makras

DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:05 p.m.

President Otsea welcomed the newly appointed Commissioners of the Public Utilities Commission, Victor G. Makras and Henry E. Berman. The two Commissioners were sworn in by Mayor Willie L. Brown, Jr. on Tuesday, January 22, 1996. President Otsea noted that the two new Commissioners had served the Public Utilities Commission in the past. Commissioner Makras served as PUC Commissioner from 1991 to 1994. Commissioner Berman served from 1974-1976.

President Otsea announced that Commissioner Berman would serve on the Budget Committee vice Morton Miller.

2. Roll Call: Present - President Marion E. Otsea, Commissioner E. Dennis Normandy, Commissioner Robert K. Werbe, Commissioner Victor G. Makras

Excused - Commissioner Henry E. Berman

3. Approval of Minutes

Moved by Commissioner Normandy, seconded by Commissioner Werbe, to approve the Minutes of the Special Meeting of December 19, 1995, the Minutes of the Special Meeting of December 21, 1995, the Minutes of the Regular Meeting of January 9, 1996 and the Minutes of the Special Meeting of January 11, 1996; carried (4-0) by unanimous vote.

4. COMMUNICATIONS

No action was taken.

5. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS

There was no old business introduced by Commissioners.

6. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS

Commissioner Normandy moved, seconded by Commissioner Makras, to adopt a resolution expressing appreciation to former Commissioner Morton Miller; carried (4-0) by unanimous vote.

Resolution No. 96-0010: Expressing appreciation to Morton Miller for his many contributions as a member of the Public Utilities Commission and for his dedicated service to the people of the City and County of San Francisco.

Commissioner Werbe moved, seconded by Commissioner Normandy, to adopt a resolution expressing appreciation to former Commissioner Yasin "Sal" Salma; carried (4-0) by unanimous vote.

Resolution No. 96-0011: Expressing appreciation to Yasin "Sal" Salma for his many contributions as a member of the Public Utilities Commission and for his dedicated service to the people of the City and County of San Francisco.

7. REPORT OF THE GENERAL MANAGER

Snowpack Conditions

Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power, reported that the snowpack at Dana Meadows was 81% of normal and 73% at Tuolumne Meadows which represent the midlevel of our watershed. As of this week, all Hetch Hetchy powerhouses were generating power and the department was no longer buying power.

Municipalization Study

Mr. Klein reported that he contacted Supervisors Angela Alioto and Sue Bierman, members of the Board of Supervisors' Select Committee on Municipal Public Power, to get their input on how to proceed with the municipalization study. He received verbal input from Supervisor Alioto that she would be initiating legislation that would establish an independent citizens' review committee to solicit, screen and evaluate bids to conduct the municipalization feasibility study. President Otsea asked whether the Supervisor has the authority to initiate such legislation. Thomas Berliner, General Utilities Counsel, responded that the City Attorney's Office would be looking into the issue of whether the Supervisor has the authority to do that under the new Charter. He would also be looking at whether the Board of Supervisors, by ordinance, could compel PUC to use a specified mechanism to conduct a study that is under the authority of PUC to prepare.

Mr. Klein said that he would attend the meeting of the Board of Supervisors Select Committee on Thursday and would report the results of that meeting at the next PUC meeting.

Internet Presentation

Timothy Dayonot, Government & Public Affairs Manager, demonstrated the use of the worldwide web to access information regarding the Public Utilities Commission. Examples of information which could be accessed through the web are PUC calendars and minutes, reports and studies, job listings and other information regarding Hetch Hetchy Water & Power and the Water Department. Mr. Moran indicated that PUC is moving toward distributing the calendar electronically.

8. PUBLIC COMMENTS

Virginia Conway urged that PUC staff check whether parking spaces at various PUC offices comply with the latest disability access regulations.

9. Modification No. 10 to the contract with Call Company.

Moved by Commissioner Normandy, seconded by Commissioner Werbe to adopt Item 9; carried (4-0) by unanimous vote:

Resolution No. 96-0012: Authorizing the General Manager of Public Utilities to execute Modification No. 10 to the contract with Call Company; increasing the contract amount by \$100,000 for a total contract amount not to exceed \$854,000; and extending the term of the contract to September 30, 1997.

10. Bid call for San Francisco Water Department Contract No. WD-2199; Repaving of Street and Sidewalk Openings.

Moved by Commissioner Normandy, seconded by Commissioner Werbe to adopt Item 10; carried (4-0) by unanimous vote:

Resolution No. 96-0013: Authorizing bid call for San Francisco Water Department Contract No. WD-2199; Repaving of Street and Sidewalk Openings for the fiscal year ending June 30, 1997.

11. Authorizing issuance of a revocable permit to MCImetro Access Transmission Services, Inc. to construct a utility crossing on the San Francisco Water Department pipeline right-of-way in Mountain View, Santa Clara County.

Moved by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 11; carried (4-0) by unanimous vote:

Resolution No. 96-0014: Authorizing the General Manager of Public Utilities to issue a revocable permit to MCImetro Access Transmission Services, Inc. for the purpose of constructing a utility crossing on the San Francisco Water Department pipeline right-of-way on Clyde Avenue in Mountain View, Santa Clara County.

12. Authorizing issuance of a revocable permit to MCImetro Access Transmission Services, Inc. to construct a utility crossing on the San Francisco Water Department pipeline right-of-way in Sunnyvale, Santa Clara County.

Moved by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 12; carried (4-0) by unanimous vote:

Resolution No. 96-0015: Authorizing the General Manager of Public Utilities to issue a revocable permit to MCImetro Access Transmission Services, Inc. for the purpose of constructing a utility crossing on the San Francisco Water Department pipeline right-of-way on Mary Avenue, Almanor Avenue and Weddell Drive in Sunnyvale, Santa Clara County.

13. Authorizing issuance of a revocable permit to Pacific Gas and Electric Company.

Moved by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 13; carried (4-0) by unanimous vote:

Resolution No. 96-0016: Authorizing the General Manager of Public Utilities to issue a revocable permit to Pacific Gas and Electric Company for the purpose of constructing a utility crossing on the San Francisco Water Department pipeline right-of-way on Middlefield Road in Mountain View, Santa Clara County.

14. Presentation regarding PUC Facilities Vulnerability Study. (Continued from the meeting of January 9, 1996.)

Mary Williams of the Utilities Engineering Bureau and a member of the Vulnerability Study Committee, gave a presentation summarizing the PUC Facilities Vulnerability Study. Ms. Williams stated that in determining whether a facility was critical they used criteria such as (1) for earthquake - the proximity of the facility to an earthquake fault; (2) age of facilities - based on the code it was built under; (3) for fire risks - the fuel loads surrounding the facilities; and (4) for age and condition - they used the useful life remaining of the facility.

Ms. Williams stated that 32 out of 60 Hetch Hetchy facilities were identified as critical facilities. Out of 100 Water Department facilities, 35 were critical. She said nearly all of our reservoirs, dams, penstocks, power houses, tunnels and major treatment plants are on the critical lists.

Ms. Williams stated that staff would be issuing a Request for Qualifications and Proposals from engineering consulting firms to perform the next phase of the vulnerability study. Ms. Williams said that a selection committee would be formed to review the qualifications of respondents. The selection committee would be composed of staff from the Utilities Engineering Bureau, Hetch Hetchy Water & Power and the Water Department, a member of the Public Utilities Commission and a representative from the Bay Area Water Users Association.

15. Request for Qualifications and Proposals from engineering consulting firms to perform the Vulnerability Study, Phase II - Facilities Risk Assessment for Hetch Hetchy Water and Power and San Francisco Water Department critical facilities.

Moved by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 15; carried (4-0) by unanimous vote:

Resolution No. 96-0017: Authorizing the Manager of Utilities Engineering Bureau to solicit Request for Qualifications and Proposals from engineering consulting firms to perform the Vulnerability Study, Phase II - Facilities Risk Assessment for Hetch Hetchy Water and Power and San Francisco Water Department critical facilities for an amount not to exceed \$2.2 million.

16. Awarding San Francisco Water Department Contract No. WD-2158, 6-Inch and 8-Inch Ductile Iron Main Installation.

Moved by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 16; carried (4-0) by unanimous vote:

Resolution No. 96-0018: Awarding San Francisco Water Department Contract No. WD-2158, 6-Inch and 8-Inch Ductile Iron Main Installation in Fresno, Kearny, Union and Varennes Streets and Romolo Place in the amount of \$459,500 to the low bidder, A. Ruiz Construction Co. & Associates, Inc.

17. Accepting the work performed under San Francisco Water Department Contract No. WD-2147R, San Francisco Water Department Fire Protection Systems.

Moved by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 17; carried (4-0) by unanimous vote:

Resolution No. 96-0019: Accepting the work performed under San Francisco Water Department Contract No. WD-2147R, San Francisco Water Department Fire Protection Systems-Office Building at 425 Mason Street and CDD Buildings, as completed; extending the contract completion date by 15 calendar days; approving Contract Modification No. 2 in the credit amount of \$29,000; and approving final payment to the contractor, Lem Construction Inc., in the amount of \$2,000.

18. Bid call for Hetch Hetchy Water & Power Contract No. HH-839.

Moved by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 18; carried (4-0) by unanimous vote:

Resolution No. 96-0020: Authorizing bid call for Hetch Hetchy Water & Power Contract No. HH-839, San Joaquin Pipeline Crossovers.

19. Authorizing the General Manager of Public Utilities to solicit qualifications from consulting firms for one-time contracts to provide technical assistance in producing an Integrated Resource Plan for the water system.

Christine Morioka, Water Resource & Planning Manager, requested that the matter be continued to the next meeting. Ms. Morioka explained that a more flexible integrated resource plan is needed for long term water resource planning due to the uncertainty of water supply reliability. She said the objectives of this project are to create the Integrated Resource Plan, build a core planning staff, and to promote a better understanding of the water system for the public and the various stakeholders. SPARC would be managing the project but would be needing technical assistance from various consultants in scoping of the project and public relations.

Moved by Commissioner Normandy, seconded by Commissioner Werbe to continue Item 19 to the Commission meeting on February 13, 1996; carried (4-0) by unanimous vote.

20. Authorizing a lease agreement with Calaveras Bavarian LLC.

Motion by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 20; carried (4-0) by unanimous vote:

Resolution No. 96-0021: Authorizing the General Manager of Public Utilities to execute a lease agreement with Calaveras Bavarian LLC for the lease of approximately .275 acres of Water Department pipeline right of way located adjacent to 500 East Calaveras Boulevard, in Milpitas for the purpose of parking vehicles.

21. Authorizing a lease agreement with Robert Nielson dba TN Cattle Co., Inc.

Commissioner Makras expressed concern about the term of the lease beginning in 1993. Mr. Dowd replied that the lessee had been on the land since that time and had agreed to pay the back rent.

Motion by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 21; carried (4-0) by unanimous vote:

Resolution No. 96-0022: Authorizing the General Manager of Public Utilities to execute a lease agreement with Robert Nielson dba TN Cattle Co., Inc. for the lease of 5,605 acres of Water Department land located on Parcels 34 and 35 in Alameda County for the purpose of cattle grazing.

CLOSED SESSION

22. Public Comments on matters to be discussed in Closed Session.

There were no public comments.

Commissioner Normandy was excused at 2:25 p.m.

The Public Utilities Commission went into Closed Session at 2:25 p.m. to discuss the following matters:

23. CONFERENCE WITH REAL PROPERTY NEGOTIATOR - Pursuant to Government Code Section No. 54956.8:

Property: Watershed land in Alameda County near San Antonio Reservoir
Parties Negotiating: City: Lymburn/Dowd/Castillo
Lessee: Chevron Oil Company
Under Negotiation: Both Price and Terms

No action was taken.

24. CONFERENCE WITH REAL PROPERTY NEGOTIATOR - Pursuant to Government Code Section No. 54956.8:

Property: Parcel 93-12-120 at the Harry W. Tracy Filter Plant, San Bruno
Parties Negotiating: City: Dowd/Castillo/Roddy
Lessee: Skyline Stables
Under Negotiation: Both Price and Terms

No action was taken.

25. CONFERENCE WITH LEGAL COUNSEL - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant and as Plaintiff
Regarding 500+ acres of Water Department property on Bernal Avenue in Alameda County.

No action was taken.

26. PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Pursuant to Government Code Section No. 54957.

Positions: General Manager of Public Utilities
Administrative Secretary, Public Utilities Commission
General Manager, Hetch Hetchy Water and Power
General Manager, San Francisco Water Department
Manager, Water Supply & Treatment Division
Manager, Water Quality Division
Manager, Utilities Engineering Bureau, PUC
Manager, Bureau of Finance, PUC
Director, Bureau of Management Information Systems, PUC
Manager, Bureau of Personnel and Training, PUC
Manager, Bureau of System Planning and Regulatory Compliance

No action was taken.

Commissioner Werbe was excused at 4:25 p.m., at which time the Commission lost its quorum.

The Commission reconvened in open session at 4:44 p.m.

27. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced that no actions were taken by the Commission on any of the items in the Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

No action was taken due to lack of a quorum.

Thereupon, the meeting was adjourned at 4:45 P.M.

Romaine A. Boldridge
Secretary

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MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

***SPECIAL MEETING**

January 25, 1996
9:00 A.M.
1155 Market Street, Sixth Floor

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DEPARTMENTS

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Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 9:14 a.m.

President Otsea announced that the Commission would not make a decision today. She said in today's meeting, the Commission would hear testimony from the public, a presentation by the Commission's consultant, David M. Dornbusch, and presentations by the five bidders. A special meeting would be scheduled for January 30, 1996 at 9:00 a.m. at which time the Commission may select the successful bidder.

President Otsea noted that she received a letter from Supervisor Michael D. Nevin, a Member of the Board of Supervisors in San Mateo County, requesting that a hearing be held before the San Mateo County Board of Supervisors. President Otsea stated that the Commission could not give jurisdiction to San Mateo County as this is a San Francisco matter and the decision must be made in San Francisco.

2. Roll Call: Present - President Marion E. Otsea, Commissioner E. Dennis Normandy, Commissioner Robert K. Werbe, Commissioner Henry E. Berman, Commissioner Victor G. Makras

3. Public Comments

The following individuals commented in support of Arnold Palmer Golf Management Company: David Blackferd, Community Relations Director of the San Francisco Spiders Hockey Team; Michael Berg; Matthew Whitelaw; David Perron; Tom Cvikota; John Voelker of San Francisco Firefighters Toy Program; Pat Buscovich; Reverend Grizzel representing the San Francisco Religious Council; Tony Kilroy; David Looman; and Barbara Rochester.

The following individuals commented in support of Crystal Springs Golf Partners/Course Co.: Joseph Jurkan; and Rosiland Bivings.

The following individuals commented in support of American Golf Corporation: Steve Ratto, Director for Boys and Girls Club of Martinez; Earl Carmichael; Ricardo Henry; Sara Snider; Russ Biehn, representing Junior Golfers at Santa Clara; Barbara Fonner; and Ed Hunter, Western States Junior Golfers Association.

Barbara Braun, representing Crystal Springs Women's Golf Association, commented in support of Nick Lombardo, Inc.

Larry T. Jordan, President, Crystal Springs Golf Club urged the successful bidder to start immediately with improving the conditions at the Crystal Springs Golf Course.

Commissioner Normandy moved, Commissioner Werbe seconded, to close the public hearing; motion passed (5-0) unanimously.

The Commission recessed from 10:19 to 10:33 a.m.

4. Considering presentations by the firms on the short list of finalists for the lease and operation of the Crystal Springs Golf Course; selecting a firm from among the short listed firms; and authorizing the General Manager of Public Utilities, or his authorized representative, to negotiate a lease with the selected firm.

President Otsea asked each member of the Commission to disclose any conflict of interest with any of the five bidders. All members of the Commission responded individually that they do not have any conflict of interest.

PRESENTATION BY DAVID M. DORNBUSCH

David M. Dornbusch, financial analysis consultant for the project, explained that the five bidders were evaluated based on financial benefits proposed to the City and the firm's financial capability to perform the contract. Mr. Dornbusch stated that in analyzing the financial benefits offered he considered: (1) improvements to be made by each proposer; (2) contributions to the capital account; (3) guaranteed minimum rent offered; and (4) additional rent which would be paid above the guaranteed minimum rent. He displayed a chart showing a comparison of proposed financial benefits offered by each bidder. To determine which of the proposers would provide the best financial benefit, he added the guaranteed minimum rent, the depreciated improvement values, and the capital reserve contributions and applied both respective proposer's gross revenue estimates and common baseline revenues estimates.

Mr. Dornbusch stated that although he needed additional information from some of the proposers, all five companies appeared to have financial capabilities to perform the contract.

PRESENTATIONS BY BIDDERS

The order of presentation was decided by President Otsea pulling bidder's names out of a box.

President Otsea asked the five bidders to: (1) describe the involvement of minorities and women in the management of the golf course, equity ownership at the prime level, and providing service as contractors, consultants, subconsultants and suppliers; (2) describe the team's commitment to affirmative action in the employment of minorities and women as demonstrated by the proposer's present management staff and staff who would be working at the Crystal Springs Golf Course; and (3) specify the inflation factor used in their proposals.

CRYSTAL SPRINGS GOLF PARTNERS, INC. (CSGP)

HRC Issues

Tom Isaak, President of CourseCo., Inc., stated that their workforce consisted of 36% minorities and 29% women. 46% of their professionals and managers at all of their sites are minorities and women.

Inflation

John Telischak stated that they included an inflation rate of 3-1/2% in their forecast for gross revenues.

Economic Proposal

Mr. Dornbusch asked about the rationale for charging a higher green fee for club members which will be 40% more than the fee charged to the general public. Mr. Isaak stated those club members are paying more and are willing to continue paying that fee because of other benefits they have as club members. He noted that their proposal did not indicate any increase in their rates for at least a couple of years. Larry Jordan of Crystal Springs Golf Club supported Mr. Isaak's comment and stated that their members were willing to pay whatever fee is set by the operator if they could get better benefits.

Commissioner Normandy asked why CSGP projected the least amount of money (\$425,000) for capital improvement projects for greens and irrigation over the least amount of time compared with other bidders. Mr. Isaak said that the amount only provides funds to restore turf conditions on the site to rebuild the greens and for other work to control runoff. It does not include replacement of the irrigation systems. He stated that reconstruction of the golf course was not necessary.

Mr. Telischak stated that they did not put CPI in the minimum rent and if they include CPI their minimum rent would increase by \$5 million.

ARNOLD PALMER GOLF MANAGEMENT COMPANY (PG)

HRC Issues

Mr. Peter Nanula, President and Chief Executive Officer of Arnold Palmer Golf Management Company, stated that their management team in their corporate headquarters in Florida consists of 50% women and minorities. In the Presidio Golf Course in San Francisco, half of the maintenance crew of 10 are minorities. The head golf professional is a woman. He said more than 20% of their company is owned by minorities and women including himself, who is a large stockholder of the company.

Mr. Bob Davis who owns KTB Realty is a minority and they manage all construction and development work at the Presidio Golf Course.

Inflation

Mr. Nanula stated that they did not include any CPI adjustment in their proposal. The projected revenues in green fees from 5-20 years are price increases.

Economic Proposal

Bill Hunscher discussed the key issues of their economic proposal. He said that PG was offering a guaranteed rate of \$8 million over the first five years of the contract which is the highest of any of the bidders. PG proposed a \$1.25 million up-front rent payment which will be paid to the City upon execution of the contract. PG proposed 45% rent on the core business - golf fees, driving range and golf cart rentals which are 75% of golf course revenues. Mr. Hunscher stated that they were proposing to pay 7% rent on tournaments, which based on industry average, are 15% of total revenues. They are proposing to pay lower percentage rent on tournaments because it generates a very small portion of revenue. Mr. Hunscher stated that they would keep Crystal Springs Golf Course a public play facility and they would limit tournament plays to 15%.

Mr. Nanula stated that advance booking and tournaments were special kind of rounds and they would be willing to contract with the City to keep those rounds to whatever the City felt was an appropriate amount. He said 15% was appropriate to keep it as a public golf course. Mr. Dornbusch asked whether PG would pay 45% if advance booking exceeds 15%. Mr. Nanula replied that they have an advanced reservation system that could limit the number of golfers who want to book more than seven days in advance. He said AGP would be willing to work with the City in deciding which constituency should have access to the course.

Mr. Nanula stated that they would be willing to work with club members to come up with the right benefit package if the City thinks it is appropriate.

Mr. Dornbusch asked whether the \$1.25 million up-front rent payment was in addition to other rent payments and whether it would displace any future rent. The members of the Commission expressed concern that this up-front payment would be applied at the end of the lease. Mr. Nanula stated that this is a one-time bonus and will not be credited to anything else. Commissioner Werbe referred to a letter sent by PG to Gary Dowd on January 24, 1996 stating that "the financial analysis includes front end payment as part of overall rent" and suggested that it be "treated as prepaid rent and credited in the first year rent category". Mr. Nanula stated that the letter was sent to clarify that the \$1.25 million was an up-front payment and should not be overlooked in the calculation. Commissioner Makras expressed his understanding that the up-front payment was a prepaid rent. He said the Commission has to go by what was stated in the sealed bids and should not allow PG to make amendments. Thomas M. Berliner, Utilities General Counsel, stated that in the bid document, PG submitted an offer to pay

an additional \$1.25 million in the first year with no crediting over the life of the lease. He said the letter submitted is not regarded as part of the bid.

President Otsea asked PG if they were willing to renegotiate for a 36.5% across the board bid instead of the proposed 7% for tournaments and 45% for green fees. Mr. Nanula said that they would. Commissioner Berman expressed concern that renegotiating the percentage rent removes the opportunity for a level playing field for all other bidders. Commissioner Makras concurred. President Otsea stated that she was suggesting a blended rate as being what the consultant, David Dornbusch said it represented. Mr. Nanula noted that it is standard in the industry that the percentage rent on green fees is higher than tournament play because the main revenue generator is the green fees, driving range and cart rentals.

The meeting recessed from 12:15 p.m. to 1:50 p.m.

NICK LOMBARDO, INC.

Human Rights Commission Issues

Nick Lombardo, principal owner of Nick Lombardo, Inc., stated that in the three golf clubs his firm operates, 55% of their employees are minorities, of which 28% are women. Of the 25 management positions, they have five women in key management positions. Mr. Lombardo indicated that they are committed to complying with the requirements of the Human Rights Commission. He said their company is dedicated to providing golf experience to youth, minorities, ethnic groups and charities.

Economic Proposal

Mr. Lombardo stated that their proposal did not raise fees until after two years. They factored a 3-1/2% raise in their fees but they did not consider CPI adjustment. He said they did not project inflation in the projection of gross revenues and they did not make an adjustment for the CPI Index in the minimum rent dollar values.

Mr. Dornbusch asked what the rationale was for proposing to promote club plays rather than daily plays in the early years. Mr. Lombardo stated that they expect that there would be fewer activities during the first two years when they are remodeling the golf course. The club members' fees would make up for loss of income during those days when there would not be many individual rounds.

INTEGRATED CAPITAL GROUP/INTEGRATED GOLF MANAGEMENT (ICG/IGM)

Human Rights Commission Issues

Richard Johns, an attorney for ICG/IGM, stated that the parent company, Integrated Capital Group, employs 81% minorities and 60% women. The golf company, Integrated Golf Management, has 91% minorities and 9% women. ICG has demonstrated in the past consistent commitment to minorities and women-owned business subcontractors and the golf company would do the same thing.

Economic Proposal

Joseph Chua stated that inflation was not considered in the gross revenue estimates and minimum guaranteed rate.

Bradford Benz, President of Bradford Benz Golf Course Architects, stated that the Crystal Springs Golf Course needed extensive remodeling to comply with the American Disabilities Act.

Mr. Dornbusch asked how ICG could justify food and beverage revenues being higher than the other bidders. Mr. Chua replied that he believed that with good facilities they could bring more people. They would not only target golfers but they would try to reach other private clubs to enjoy the golf course. He said they looked at the performance of food and beverage sales in other golf courses owned by the Water Department and it almost equals the golf income. ICG proposed to pay 9% on food and beverage in years 1-5 and 11% thereafter.

Commissioner Normandy asked the correlation of ICG's high investment in improvement of the greens and irrigation systems with the low rent proposal. Mr. Chua stated that in the course of 2-3 years they did not expect that full income could be generated because they would not expect people to enjoy the golf course while its under reconstruction.

Mr. Chua indicated that they did not intend to impose golf carts on all golfers but they would make them available for people who prefer to use them.

The Commission recessed from 3:00 p.m. to 3:22 p.m.

AMERICAN GOLF CORPORATION (AGC)

Human Rights Commission Issues

Joe Guerra, one of the owners of American Golf Corporation (AGC), addressed the questions regarding Human Rights Commission compliance. He stated that their company was 55% owned by women and minorities, of which 52% were women and 3% were minorities. 100 of their senior employees are minorities and women. 60% of their work force at staff level are of minority status. He said AGC is committed to exceeding the affirmative action principles set by the Human Rights Commission and the San Francisco Administrative Code.

Economic Proposal

Mr. Guerra stated that no inflation adjustment was factored into their proposal for gross revenue or minimum rent.

David Pillsbury, Senior Vice President and one of the owners of AGC, stated that their minimum rent was not fixed and was based upon a percentage of the average of the actual rent paid in the two prior years. He said this was not effectively reported in the evaluation. In most of their contracts, they average 60% beyond their minimum rent. Mr. Dornbusch stated that it was included in his analysis.

Mr. Dornbusch asked why AGC believed that their capital improvement program is adequate given the level of green fees they proposed. Mr. Pillsbury stated that their company is experienced and he believes that their capital improvement plan is the most responsible plan that would produce the highest revenue for the City.

Commissioner Makras referred to an article in the Empire News that AGC had violated fair labor laws. Mr. Pillsbury explained that the article did not represent what occurred. He said that they were currently modifying union contracts at the golf courses they manage.

Mr. Pillsbury stated that tournaments, advance reservations, green fees, cart fees, lessons and driving range fees were all in the 36% percentage rate category for the term of the lease.

Mr. Pillsbury stated that there is a demand for group business in the Bay Area and if they were given an economic incentive they could push tournament business as high as 30% or 40%.

Mr. Dornbusch pointed out that AGC only forecasted gross revenues through year 8, he asked what percentage growth rate was anticipated for those years beyond year 8. Mr. Pillsbury stated 3% on a non inflation adjusted basis.

Commissioner Berman asked if AGC would be amenable to placing a restriction on the number and percentage of outside tournaments for the benefit of those individuals who play on a daily basis. Mr. Pillsbury stated that they would be willing to make a commitment.

Based on the interviews, Mr. Dornbusch stated that he would need to change his analysis to consider the following:

1. In the original analysis American Golf Corporation did not submit a proforma for those years beyond year 8, Mr. Dornbusch used a growth rate of 4%. That would be changed to 3% as indicated by AGC. This would lower AGC's projected growth revenues, percentage rate, minimum rate and capital reserve.
2. Crystal Springs Golf Partners included inflation components in their forecast of gross revenues and the other four bidders did not. Mr. Dornbusch said he had to remove their inflation portion of gross revenue which would affect CSGP's percentage rent and capital reserve account.
3. The consultant report by Hospitality Value Services estimated the number of rounds by club members and the number of rounds by the public. The interviews indicated that 25% of total rounds amount to 20,000 rounds. This would not include tournaments. Mr. Dornbusch stated that he believes that there could be a significant decrease in revenue for those proposals who underestimated the number of rounds.

Commissioner Berman moved, seconded by Commissioner Normandy, to continue the meeting on Tuesday, January 30, 1996 at 9:00 a.m.; carried (5-0) unanimously.

Thereupon, the meeting was recessed at 4:00 p.m.

Romaine A. Boldridge
Secretary

SF

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#3

1/30/96

Recessed Mtg

MINUTES

PUBLIC UTILITIES COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

RECESSED MEETING

January 30, 1996
9:00 A.M.

1155 Market Street, Sixth Floor

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COMMISSIONERS

Marion E. Otsea, President

E. Dennis Normandy

Robert K. Werbe

Henry E. Berman

Victor G. Makras

DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

RECESSED MEETING FROM JANUARY 25, 1996

1. Call to Order: 9:05 a.m.
2. Roll Call: Present: President Marion E. Otsea
Commissioner E. Dennis Normandy
Commissioner Robert K. Werbe
Commissioner Henry E. Berman
Commissioner Victor G. Makras
3. Considering presentations by the firms on the short list of finalists for the lease and operation of the Crystal Springs Golf Course; selecting a firm from among the short listed firms; and authorizing the General Manager of Public Utilities, or his authorized representative, to negotiate a lease with the selected firm.

David M. Dornbusch, financial consultant, summarized the adjustments he made to his previous estimate submitted at the last meeting of January 25, 1996. He showed a revised chart of estimates of financial benefits accruing to the City using two models; one using the proposers' gross revenue estimates and the other using common baseline revenue estimates.

Estimate of Inflation

Mr. Dornbusch reported that Crystal Springs Golf Partners (CSGP) included 5% annual revenue growth in their proposal of which 3-1/2% was inflation. The other four bidders stated during the interview on January 25, 1996 that no inflation was included in their estimates. Mr. Dornbusch stated that he decided to leave the proposers estimates stand as they were. For his first model he said he used the bidders' estimates whether inflation was included or not.

Estimate of Membership Rounds

Mr. Dornbusch expressed concern about CSGP's estimate of high revenue for membership rounds. CSGP estimated that a club member will pay an average of \$50 per round while the public will pay an average of \$36 per round. He said that CSGP indicated at the last meeting that club members would be willing to pay higher fees than the public without obtaining special privileges. Mr. Dornbusch stated that he estimated that members would be willing to pay up to, but no more than, what the public would be paying and that yields an estimated 28,000 rounds. This means that the club members under CSGP's proposal will be playing 70

rounds per year per member which is less than the consultant's estimate of 116 rounds. Mr. Dornbusch said this would reduce CSGP's net present value of benefits from \$28.93 million to \$27.66 million.

American Golf Corporation (AGC) Estimated Annual Growth in Revenues

AGC did not have a pro forma submitted for revenue growth in years 9-20. Mr. Dornbusch stated that in his initial analysis, he projected AGC's growth revenues at 4%. At the last meeting, AGC testified that 3% was their estimated revenue growth rate. Subsequently, AGC submitted information that 5% should have been the growth rate in some of the missing years and 4% for the remainder of the missing years. Mr. Dornbusch stated that he decided to retain the 4% growth rate since that was the information available at the time AGC submitted its proposal and based upon his judgment 4% is the correct number.

Arnold Palmer's Golf Corporation (PG) Offer of 7% Rent on Various Revenue Components

Mr. Dornbusch stated that he shared the same concerns expressed by some members of the Commission of the incentive for Palmer Golf Corporation to shift revenues to the lower percentage category. He said he offered two contractual alternatives for consideration by the Commission. He did not discuss the alternatives.

CPI Adjustment to Minimum Rent

Crystal Springs Golf Partners raised a question that Mr. Dornbusch inappropriately valued their minimum rent payments by not imposing the CPI adjustment stated in the contract. Mr. Dornbusch stated that all proposals would have their minimum rent payments adjusted by the CPI Index in every year since that was a term of the contract. He stated including the CPI adjustment in all proposals would not change the relative values.

Calculation of Net Present Values

Mr. Dornbusch stated that AGC questioned the calculation of their net present values of financial benefits. AGC submitted an appraisal that their net present value benefit was greater than Palmer Golf Corporation - \$21.4 million vs. Palmer Golf's \$21.2 million. Mr. Dornbusch said that the assumption made by AGC was different from his assumptions and Palmer Golf's.

Mr. Dornbusch explained the shortcomings of the two financial benefit models he prepared. He said that in the first model, where the proposer's revenue estimates were applied, we were just accepting the proposer's estimates of revenue and growth, and there was the question of whether inflation was included in the revenue forecasts. The second model, which applied a common baseline forecast, did not account for a proposer's aggressiveness in pricing and in putting in high quality facilities to attract the public and raise revenues. He recommended that the Commission recognize both models and to look closely at the proposed minimum guaranteed rent contributions.

Mr. Dornbusch stated that he ran an internal rate of return and he concluded that the golf course operation is profitable enough for the operator that even if they had difficulty meeting the minimum rent payments they would not have to cut back on services and maintenance expenditures because there is lots of profit room.

Public Comment

Frank Martin Del Campo, a representative of Local 790 and a delegate of the San Francisco Labor Council spoke on behalf of Josie Mooney, President of the San Francisco Labor Council, stated that American Golf Corporation had been found by the National Labor Relations Board to be in violation of fair labor laws. He urged that the Commission award the contract to the bidder who will comply with labor laws and treat their employees fairly.

On motion by Commissioner Berman, seconded by Commissioner Werbe, the Commission voted to entertain a motion to award the lease; carried (5-0) unanimously.

Commissioner Makras commented that the financial benefit factor was met by all the bidders. He stated that in his own analysis, he looked at the money as a significant component but he also looked at the overall business plan, the character and reputation of the bidder and their track records. He noted that he would not accept amendments of proposals in order to uphold the integrity of the sealed bid process.

Commissioner Werbe stated that the City would derive the most benefits by having Crystal Springs Golf Partners operate the golf course. Commissioner Berman commented that a lower minimum guaranteed rent and a higher percentage for the yield over the guarantee will benefit the City in the long run. He felt that CSGP would be sensitive to the needs of the people who already belong to a club.

President Otsea concurred with previous comments that money is not the only determining factor in selecting the bidder and that looking at how the bids were structured, she concluded that CSGP will bring the most benefit to the city.

On motion of Commissioner Werbe, seconded by Commissioner Berman, the Commission voted to select Crystal Springs Golf Partners to negotiate with PUC staff for the 20-year contract to lease and operate the Crystal Springs Golf Course; carried (5-0) unanimously by roll call vote as follows:

VOTE: AYES - Otsea, Normandy, Werbe, Berman, Makras
 NOES - None

Resolution No. 96-0023: Authorizing the General Manager of Public Utilities or his authorized representative, to negotiate a lease of the Crystal Springs Golf Course with Crystal Springs Golf Partners, LP, in accordance with the terms and conditions contained in the Request for Proposals.

Thereupon, the meeting was adjourned at 9:50 a.m.

Romaine A. Boldridge
Secretary

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#3
2/6/96
Special

MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

*** SPECIAL MEETING**

February 6, 1996
10:00 A.M.
Room 402
1155 Market Street, Fourth Floor

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COMMISSIONERS

Marion E. Otsea, President

E. Dennis Normandy

Robert K. Werbe

Henry E. Berman

Victor G. Makras

DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 10:04 a.m.
2. Roll Call: Present - President Marion E. Otsea, Commissioner Henry E. Berman, Commissioner Victor G. Makras

Commissioner E. Dennis Normandy arrived at 10:09 a.m.

Excused - Commissioner Robert K. Werbe
3. Public Hearing - To consider adopting budget proposals for Fiscal Year 1996-97 for the departments and bureaus under the jurisdiction of the Public Utilities Commission.

Anson B. Moran, General Manager of Public Utilities, gave a video presentation summarizing the FY 1996/97 budget for PUC bureaus, Hetch Hetchy Water and Power and the San Francisco Water Department.

PUC Bureaus

Mr. Moran stated that the budget requests for the bureaus include: 1) funding of the Finance Manager position; 2) formation of the Bureau of Commercial Land Management; 3) transfer of the Environmental Compliance Group to the Bureau of Systems Planning & Regulatory Compliance; 4) an increase in staffing for the Bureau of Personnel & Training as a result of decentralization of the City's Personnel Office; and 5) computerization of the Utilities Engineering Bureau. With regard to the Bureau of Commercial Land Management, seven positions would be created to support the bureau; four of which already exist in the Finance Bureau and four positions would be transferred from the Water Department. This will show an increase in the budget for the bureaus and a decrease in the Water Department's budget. The bureaus' budget totals \$1.2 million or a 12% increase over last year's budget.

Hetch Hetchy Water & Power

Mr. Moran stated that Hetch Hetchy's budget for FY 1996-97 showed a cost reduction of \$6.1 million compared to FY 95-96. The budget for professional services increased but due to the lower cost of support services from PG&E, the increase netted to a cost reduction.

Mr. Moran said that Hetch Hetchy would be incurring new obligations next year such as the FERC settlement (\$4 million) and an increase in Raker Act fees (\$597,000) based on the formula being used in the Federal Power Act for other agencies which have operations on Federal lands. The department is also requesting \$1 million for new programs addressing system reliability, natural resources protection, and utility obligations at Hunters Point and Treasure Island regarding their power and gas distribution systems.

The total Hetch Hetchy capital improvement budget is \$11,257,464.

Water Department

Mr. Moran stated that the Water Department's operating budget showed an increase in revenue of \$5.9 million due to increases in water sales (\$2.7 million), lease revenues (\$2.5 million), and improved revenue collection. He said staff would be looking at other forms of revenue enhancements such as charging regular commercial rates to the Airport, imposition of late charges, and looking at commercial leases with the Recreation & Park Department.

The department's budget showed reduction in overtime expenses, workers compensation costs and property taxes.

Mr. Moran stated that the Water Department would be incurring new obligations next year totaling \$7.795 million due to: 1) ending debt financing of main replacements; (2) the FERC settlement; and (3) an increase in Raker Act fees.

The department is requesting \$9.8 million in new programs to fund ground water development, source water protection, improvements to water quality laboratories and filter plants, main replacements, and an increased level of preventive maintenance.

The budget for the capital improvement program totaled \$55.7 million.

The department proposed an overall increase in water rates - 13% for in City rate payers and 8% for the suburban customers for next year.

Mr. Moran discussed various ongoing management projects - the landscaping policy, housing policy, vehicle assignment, vehicle maintenance and office space.

Commissioner Otsea inquired about the possibility of modifying or reopening the agreement with suburban customers. Thomas M. Berliner, Utilities General Counsel, advised that the City would need to negotiate with its suburban customers in changing the formula of calculating revenue requirements. He stated that there seemed to be interests from both sides to make the accounting issues of the agreement less contentious. William H. Laws, Rate Administrator, stated that staff had begun discussions with BAWUA in 1993 on this issue; however, those discussions were set aside in 1994 and they have not been resumed since then. Commissioner Otsea

stated that she would like to see the rate agreement simplified and for staff to continue its discussion with the Bay Area Water Users Association (BAWUA).

With regard to the housing policy, Mr. Moran said that he would return to the Commission with suggestions on dealing with guest housing and employee housing facilities. On the issue of employee housing, Mr. Moran stated that staff would be looking at reducing housing in the watersheds and in Moccasin. He said the underlying concern on employee housing is that it should not result in the eviction of the incumbent.

CLOSED SESSION

4. Public Comments on matters to be discussed in Closed Session.

None.

The Commission met in closed session from 11:10 a.m. to 12:25 p.m. to discuss the following:

5. Conference with Real Property Negotiator (Pursuant to Government Code Section 54956.8):

Property:	Crystal Springs Golf Course in San Mateo County		
Parties Negotiating:	CCSF:	Gary Dowd/Jodi Fedor	
	Lessee:	Crystal Springs Golf Partners, LP	
Under Negotiation:	Terms		

No action was taken.

6. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced that no action was taken on Item No. 5.

7. Motion regarding whether to disclose the discussions during Closed Session.

Motion made by Commissioner Normandy, seconded by Commissioner Berman, not to disclose the discussion during the closed session; carried (4-0) by unanimous vote.

Thereupon, the meeting was adjourned at 12:26 p.m.

Romaine A. Boldridge
Secretary

SF
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#3
2/13/96

MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

February 13, 1996
1:00 P.M.
Room 402
1155 Market Street, Fourth Floor

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COMMISSIONERS

Marion E. Otsea, President
Henry E. Berman, Vice President
E. Dennis Normandy
Robert K. Werbe
Victor G. Makras

DEPARTMENTS

Water Department
Hetch Hetchy

BUREAUS

Commercial Land Management
Engineering and Construction Management
Finance
Information Systems
Personnel and Training
System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:10 p.m.
2. Roll Call: Present - President Marion E. Otsea, Vice President Henry E. Berman, Commissioner Victor G. Makras

Excused - Commissioner E. Dennis Normandy, Commissioner Robert K. Werbe
3. Election of Vice President

Commissioner Makras nominated Commissioner Henry E. Berman. Commissioner Berman was unanimously elected Vice President.
4. Approval of Minutes

Commissioner Berman moved, seconded by Commissioner Makras, to approve the minutes of the following meetings: Regular Meeting of January 23, 1996; the Budget Committee meeting of January 11, 1996; and the Budget Committee meeting of January 30, 1996; carried (3-0) by unanimous vote.
5. Communications
 - Announcement of Closed Session and vote regarding disclosure.

Romaine A. Boldridge, Commission Secretary, announced that no action was taken by the Commission on any of the items discussed in Closed Session on January 23, 1996.

Commissioner Berman moved, seconded by Commissioner Makras not to disclose the discussion during the Closed Session; carried (3-0) by unanimous vote.
6. Introduction of Old Business by Commissioners

None.
7. Introduction of New Business by Commissioners

None.

8. Report of the General Manager

BAWUA Presentation

Arthur Jensen, General Manager, Bay Area Water Users Association, reported that BAWUA held a strategic planning workshop on January 30-31, 1996 where they developed a mission statement and set goals and objectives for their organization. He gave a presentation on those goals using an overhead projector.

As needed contracts

Anson B. Moran, General Manager, Public Utilities Commission, reported that staff would begin the process of rebidding "as-needed" contracts. Those contracts would be submitted for approval by the Commission in late March.

Public Outreach

Timothy Dayonot, Manager, Government & Public Affairs, gave a video presentation about the Public Education Project. Mr. Dayonot stated that this project is being undertaken for the purpose of educating the public regarding PUC - who we are, what we do, and how we do it. It would also provide opportunity for staff to get input from the public.

Mr. Dayonot stated that staff had completed various community outreach activities through establishing an Internet home page, electronic newsletters, a proactive media network, and the SFWD speakers bureau; improving the water quality report and conducting educational events. He said that the next phase of the project would constitute community presentations and mail inserts. Staff would be conducting community presentations to selected groups and organizations beginning March 1996 and continue on an ongoing basis.

9. Public Comments

None.

10. Public Hearing - To consider adoption of budget proposals for Fiscal Year 1996-97 for the departments and bureaus under the jurisdiction of the Public Utilities Commission.

President Otsea inquired as to how capital improvement projects would be funded. Mr. Moran replied that some projects would be funded from existing resources, revenues, and grant funds.

Commissioner Makras suggested looking at an alternative budget that does not include a rate hike. He said that after he reviewed the budget proposal, he believed that there were a variety of ways where the budget could be crafted without a rate hike. One of the areas he was concerned about was capital improvement projects. He suggested rating the capital projects and selecting the projects that should be completed first. He commented that it was not apparent as to how the projects were prioritized between Hetch Hetchy and Water Department.

Mr. Moran stated that staff is looking at ways of combining existing funds, revenues and debt servicing to accomplish the projects with minimum impact to ratepayers. President Otsea noted that these projects had already been prioritized into mandatory, ongoing, discretionary and necessary. She stated that the Budget Committee had tried to cut down the budget to what is absolutely necessary and it constitutes projects mandated by the State Department of Health Services as a result of the March and June 1995 turbidity incidents.

President Otsea expressed concerns about getting more people than can be absorbed by the Water Supply & Treatment Division and Water Quality Division.

Arthur Jensen, General Manager, Bay Area Water Users Association, commented that one of the problems in the budget process is in developing a financial plan and establishing rates separate from the capital budget. He suggested developing a financing plan and combining rates and capital budget information in order to get support from the public.

Commissioner Berman suggested continuing the budget another two weeks so that staff could address the concerns raised by Commissioner Makras. He stressed that this should not reflect in any way on the efforts and the work put into the budget by the previous Commission, the Budget Committee or staff and that there should be no question about the integrity of all the work that was put into the budget.

Moved by Commissioner Berman, seconded by Commissioner Makras to continue Item 10 to February 27, 1996. If an extension for submission of the budget to the Mayor is not possible, a special meeting will be scheduled on February 20, 1996; carried (3-0) by unanimous vote.

11. Establishing the Bureau of Commercial Land Management.

Commissioner Makras suggested maximizing revenues for our right-of-ways by exploring use for new technology as a "fiber-way". Mr. Moran indicated that the Water Department staff had started looking into those possibilities as previously suggested by Commissioner Werbe.

Moved by Commissioner Makras, seconded by Commissioner Berman, to adopt Item 11; carried (3-0) by unanimous vote.

Resolution No. 96-0024: Establishing the Bureau of Commercial Land Management and establishing the position of Director of the Bureau.

12. Approving a Technical Review Committee and a process of review and approval for the conduct of the Preliminary Municipalization Feasibility Study.

Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power, discussed the proposal to create a Technical Review Committee to assist the Public Utilities Commission in selecting a consultant to conduct the preliminary municipalization feasibility study. Mr. Klein proposed that the membership of the Technical Review Committee be composed of a representative from Hetch Hetchy Water & Power, the Controller's Office, other municipalities' utility agencies, TURN, UC Berkeley Energy Policy Group and the Environmental Defense Fund (EDF). President Otsea suggested including the Bay Area Council, the Natural Resources Defense Council (NRDC) and the Institute for Governmental Studies in UC Berkeley in case the Energy Policy Group could not participate. Mr. Klein asked the Commission's direction about a possibility that some of those organizations might ask for reimbursement for their time. The consensus of the Commission was that participation of these organizations in the Technical Review Committee should be on a pro bono basis.

Mr. Klein raised an issue of whether project management should be handled by the General Manager of Hetch Hetchy, an outside contractor, or a staff person from another City department. President Otsea expressed her opinion that the cost of hiring an outside contractor should not come out of PUC's budget. Commissioner Berman expressed his objection to hiring an outside consultant. Commissioner Makras suggested designating a staff person to manage the project. Mr. Klein stated that he would take on the management of the project.

Regarding the procurement process, Mr. Klein proposed a competitive bid process using qualifications as the primary basis for selection and cost as a secondary factor. He mentioned that the bid document would include certain conditions that there would be no follow-on work by the successful bidder and that bidders must demonstrate that they have no conflict of interest.

Mr. Klein discussed the selection process and the roles of the Technical Review Committee and PUC. Mr. Klein stated that his proposal gives the Committee the responsibility to establish selection criteria, evaluate proposals, and make recommendations to the PUC. He said another option would be allowing the Committee to establish some pass/fail criteria, generate a report for the Commission to use as the basis in selecting a short list, the Commission could then interview the short listed candidates and select the successful bidder. Bayard Fong, Contract Compliance Officer, Human Rights Commission, commented that if the Commission were to involve itself in the actual selection process, that the consultant should be selected based on technical merits. President Otsea commented that the Commission does not have the technical competence to make the selection. Mr. Moran explained that the advantage of having direct involvement by the Commission is that the selection process will be open to the public. Commissioner Berman stated that the Commission should have the final say on the selection of the short list of 2 to 3 candidates. Mr. Fong advised that under the City ordinance, selecting a consultant requires a scoring format whereby 5% preference points could be given to local and minority businesses. President Otsea stated she would like a scored and ranked short list. Commissioner Makras stated that he favored the process where staff would rank the bidders and recommend a short list of 3 or 4 candidates, and the short listed candidates would make a presentation to the Commission. He said it would provide the public an opportunity to comment on the process.

Thomas M. Berliner, Utilities General Counsel, suggested having the Committee evaluate the bidders based on their technical experience but make sure that the product would be the result of commensurate efforts. Mr. Fong commented that the Committee should select a short list of bidders, rank them, prepare a full report as to how they were selected and use the Commission as a confirmation of what the Committee has done.

President Otsea stated that the resolution before the Commission could be adopted now and staff could submit a plan for selecting a consultant later.

Moved by Commissioner Berman, seconded by Commissioner Makras, to adopt Item 12; carried (3-0) by unanimous vote.

Resolution No. 96-0025: Approving the establishment of a Technical Review Committee and a process of review and approval for the conduct of the Preliminary Municipalization Feasibility Study.

The Commission recessed from 3:25 to 3:35 p.m.

13. Transfer of funds from Moccasin Generator Rewind Project to Power Transformer Additions, Various.
- Moved by Commissioner Makras, seconded by Commissioner Berman, to adopt Item 13; carried (3-0) by unanimous vote.
- Resolution No. 96-0026: Authorizing the transfer of \$900,000 from Moccasin Generator Rewind Project to Power Transformer Additions, Various.
14. Authorizing bid call for Hetch Hetchy Contract No. WP-08.
- Moved by Commissioner Berman, seconded by Commissioner Makras, to adopt Item 14; carried (3-0) by unanimous vote.
- Resolution No. 96-0027: Authorizing bid call for Hetch Hetchy Contract No. WP-08, Install Guard Rail Along Highway 4 Opposite Moccasin Re-Regulating Reservoir.
15. Requesting a supplemental appropriation to reflect the classification of six Hetch Hetchy positions.
- Moved by Commissioner Berman, seconded by Commissioner Makras, to adopt Item 15; carried (3-0) by unanimous vote.
- Resolution No. 96-0028: Requesting the Mayor to recommend to the Board of Supervisors a supplemental appropriation request to amend the Annual Salary Ordinance to reflect the classification of six Hetch Hetchy positions.
16. Authorizing the General Manager of Public Utilities to issue a revocable use permit to Alameda County Water District to install remote read equipment for the Supervisory Control and Data Acquisition (SCADA) system on the Bay Division Pipelines No. 3 and 4 right-of-way in the City of Fremont.
- Moved by Commissioner Berman, seconded by Commissioner Makras, to continue Item 16 to February 27, 1996; carried (3-0) by unanimous vote.

17. Authorizing a Revocable Permit to the City of Redwood City to install a 275KW standby engine generator.

Moved by Commissioner Makras, seconded by Commissioner Berman, to adopt Item 17; carried (3-0) by unanimous vote.

Resolution No. 96-0029: Authorizing the General Manager of Public Utilities to issue a Revocable Permit to the City of Redwood City to install a 275KW standby engine generator on Bay Division Pipeline Nos. 1 and 2 right of way in Redwood City.

18. Awarding San Francisco Water Department Contract No. WD-2162.

Everett Hintze, Acting Manager, Utilities Engineering Bureau, stated that staff recommended awarding the contract to Marinship Construction Services, Inc. as they were the second lowest bidder after applying 10% minority and local business preference. He said the original lowest bidder withdrew from their bid due to typographical errors in the bid they submitted. President Otsea mentioned that there was also the issue that Marinship's bid was more than 10% over the engineer's estimate.

Commissioner Makras moved, seconded by Commissioner Berman, to rebid the contract. Commissioner Makras stated that he was concerned about the lowest bidder withdrawing from the bid as it undermines the integrity of the bid process. Mr. Moran commented that it is a common practice of the department to award a contract to the second lowest bidder when the lowest bidder is disqualified or withdraws from the bid. Commissioner Berman withdrew his second. The motion died for lack of a second. Commissioner Berman stated that he was willing to approve the award to Marinship because there had been a precedent established by the department.

President Otsea suggested that staff should not make exemptions to bidders whose bids are more than 10% over the engineer's estimate.

Derek Smith, President of Marinship Construction, commented that his company submitted a competitive bid, was the second lowest bidder and had experience in water main pipe installation.

Moved by Commissioner Berman, seconded by President Otsea, to adopt Item 18; carried (3-0) by unanimous vote.

Resolution No. 96-0030: Awarding San Francisco Water Department Contract No. WD-2162, 6-Inch and 8-Inch Ductile Iron Main Installation in Monterey Boulevard between St. Elmo and San Anselmo Streets, and in Mangels Avenue between Congo and Detroit Streets in the amount of \$478,415 to the second lowest responsive bidder, Marinship Construction Services, Inc.

19. Authorizing the General Manager of Public Utilities to execute a revocable permit with Renaissance Entertainment Corporation to use 106 acres of Water Department land, Portion of Parcel 67 - Laguna Creek Lands, portion of Nashbaumor Tract, Calaveras Watershed in Alameda County to conduct studies relating to the potential environmental impacts of locating the Renaissance Pleasure Faire within the permit area.

The following individuals commented in opposition to the issuance of a revocable permit to Renaissance Entertainment Corporation as they were concerned about traffic congestion, parking, and noise caused by the faire: Robert Frillman; Susan Rose; Betty DeRieux, member of the Board of Directors of Castlewood Property Owners Association; Donald W. Rohren; Patricia Stillman, President, Save our Sunol; and Shirley Kaminsky, a member of Save Our Sunol.

Howard Hamburg, Director of the Renaissance Faire in California, stated that they were requesting permission to get on the Water Department land to be able to conduct a study and prepare an Environmental Impact Report to determine whether the property would be appropriate for the Faire. Mr. Moran pointed out that the purpose of the permit was only to prepare an application to the County of Alameda for an Environmental Impact Report and not a permit to conduct an EIR. He stated that Renaissance Faire would still have to request permission from the Commission before an EIR could be conducted.

Commissioner Makras moved to approve the permit on conditions that no EIR will be conducted and that the permit provide for recovery of staff time. Motion died for lack of a second. Commissioner Makras stated that allowing the Renaissance Faire to study the land is a clear advantage to the City and the citizens of San Francisco, it maximizes income and at the same time the Commission and staff could become educated as to the utility of the property.

Commissioner Berman stated he would like to consider the concerns raised by residents in the area regarding congestion. Commissioner Otsea commented that granting a permit to the Pleasure Faire now would give a tacit approval for possible use of the land when we may need it for mitigation purposes. Commissioner Makras responded that the study would further enhance the City's position in this mitigation if we have information on the utility of the land.

Commissioner Otsea advised that the County of Alameda had written a letter urging PUC to grant a permit for the Renaissance Faire to conduct a study of the Water Department land.

Commissioner Berman moved to continue Item 19 to a date when there would be a full Commission present. Commissioner Makras seconded. Motion carried (3-0) by unanimous vote.

20. Authorizing a lease agreement with Teh Yu International Investment Inc., dba San Antonio Inn.

Moved by Commissioner Makras, seconded by Commissioner Berman, to adopt Item 20; carried (3-0) by unanimous vote.

Resolution No. 96-0031: Authorizing the General Manager of Public Utilities to execute a lease with Teh Yu International Investment Inc., dba San Antonio Inn, for 1.32 acres of Water Department pipeline right-of-way located adjacent to 2650 El Camino Real in Mountain View for parking of vehicles and trailers, driveway access and landscaping.

21. Authorizing the General Manager of Public Utilities to solicit qualifications from consulting firms for one-time contracts to provide technical assistance in producing an Integrated Resource Plan for the water system.

Moved by Commissioner Makras, seconded by Commissioner Berman, to continue Item 21 to February 27, 1996; carried (3-0) by unanimous vote.

CLOSED SESSION

22. Public Comments on matters to be discussed in Closed Session.

Regarding Item 24 (Renaissance Faire), Robert Frillman commented that he would provide the Commission a copy of reports on earlier studies done on the Water Department land.

The Public Utilities Commission met in closed session from 4:55 p.m. to 6:55 p.m. to discuss the following matters:

23. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c): (Ambrose/Nelson)

Anticipated Litigation: As Defendant and as Plaintiff
Regarding 500+ acres of Water Department property on Bernal Avenue in Alameda County.

No action was taken.

24. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: 106 acre portion of Parcel 67, Laguna Creek Lands
in Alameda County.

Parties Negotiating: CCSF: Nelson/Dowd
Lessee: Renaissance Pleasure Faire
Under Negotiation: Both Price and Terms

No action was taken.

25. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: Crystal Springs Golf Course in San Mateo County

Parties Negotiating: CCSF: Gary Dowd/Jodi Fedor
Lessee: Crystal Springs Golf Partners, LP
Under Negotiation: Terms

No action was taken.

26. Public Employee Appointment - Pursuant to Government Code Section 54957:

Position: Manager, Bureau of Commercial Land Management

Moved by Commissioner Berman, seconded by Commissioner Makras, to adopt Item 26;
carried (3-0) by unanimous vote.

Resolution No. 96-0032: Appointing Garrett M. Dowd as Director, Bureau of
Commercial Land Management.

27. Conference with Negotiator-Collective Bargaining - Pursuant to Government Code Section 54957.6:

Negotiator: Diana Buchbinder, Manager, Bureau of Personnel and Training
Employee Organization and Type of Employees: Local 6 Electricians
Local 38 Plumbers

Issues Under Negotiation: Hours and working conditions

Item 27 was not discussed.

28. Announcement following Closed Session.

Romaine A. Boldridge announced that the Commission met in Closed Session from 4:55 p.m. to 6:55 p.m. and the actions taken by the Commission during the Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Berman, seconded by Commissioner Makras, not to disclose the discussion during the Closed Session; carried (3-0) by unanimous vote.

Thereupon, the meeting was adjourned at 7:00 p.m.

Romaine A. Boldridge
Secretary

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2/27/96

MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

February 27, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

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COMMISSIONERS

Marion E. Otsea, President

Henry E. Berman, Vice President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Commercial Land Management

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. CALL TO ORDER: 1:07 p.m.
2. ROLL CALL: **Present** - President Marion E. Otsea, Vice President Henry E. Berman, Commissioner E. Dennis Normandy

Commissioner Victor G. Makras arrived at 1:09 p.m.

Excused - Commissioner Robert K. Werbe

THE CALENDAR WAS TAKEN OUT OF ORDER BY THE COMMISSION. ITEMS 15-30 ON THE REGULAR CALENDAR WERE DISCUSSED FIRST.

15. APPROVAL OF MINUTES

On motion by Commissioner Normandy, seconded by Commissioner Berman, the Minutes of the Special Meeting of January 25, 1996 and the Minutes of the Recessed Meeting of January 30, 1996 were approved; (4-0) by unanimous vote.

16. COMMUNICATIONS

No action was taken.

17. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS

There was none.

18. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS

There was none.

19. REPORT OF THE GENERAL MANAGER

- Refunding Opportunity for Revenue Bonds and Guidelines

Steven Carmichael, Director, Bureau of Finance, reported that staff have looked at the opportunity to refund the 1991 bonds worth \$70 million. The cost benefit analysis showed savings of \$252,000 a year if those bonds were refunded. Mr. Carmichael stated that if the budget for FY 96-97 is approved by the Mayor and the Board of Supervisors, staff would recommend that the Commission issue new and replacement bonds for much of the capital projects in this budget and combine those two issues to save issuing costs.

- Mr. Moran distributed copies of the San Francisco Water Department's Water Quality Report to the Commission. Mr. Mullane, General Manager of the Water Department, stated that the report would be sent to every residential and commercial customer of the department.
- Mr. Moran reported that PUC is scheduled to present the budget to the Board of Supervisors on June 19, 1996. The Board would conduct a public hearing on the budget on June 22nd and the Budget Committee will make its decision on June 26, 1996.

20. PUBLIC COMMENTS

There was none.

21. Confirming the date, time and place for a meeting to hear the Sunol Valley Resource Management Plan.

Item 21 was approved by common consent of the Commission.

Resolution No. 96-0033: Confirming March 12, 1996, 7:00 p.m. at the Board of Supervisors Chambers as the date, time and place for a meeting to hear the Sunol Valley Resource Management Plan.

Audrey LePell, member of the Alameda County Planning Commission and a member of the Alameda County Parks, Recreation & Historical Commission, asked if the rebuilding of the Sunol Water Temple was included in the budget. Speaking on behalf of the Chair of the Planning Commission of Alameda County, she urged that the Commission hold the hearing on the Sunol Valley Resources Management Plan in Sunol. Mr. Moran responded that the restoration of Sunol is not in the budget and that funds are being sought from the Metropolitan Transportation Commission for Highway Beautification funds, which would be matched by local arts funds.

22. Rescinding the vote taken February 13, 1996 to continue the consideration of a revocable permit with Renaissance Entertainment Corporation for the use of certain Water Department land in Alameda County to a time when a full Commission would be present; and continuing the matter to February 27, 1996.

Moved by Commissioner Berman, seconded by Commissioner Makras, to adopt Item 22; carried (4-0) by unanimous vote.

23. Authorizing issuance of a revocable permit to Renaissance Entertainment Corporation.

The following individuals commented:

Miles Silverman, President and Chief Executive Officer of Renaissance Pleasure Faire, commented on the merits of the Renaissance Faire. Mr. Silverman stated that they have unanimous support from the Alameda County Supervisors and residents of the area for the potential use of the site. Ryan Bronenberg, Planning Director of Renaissance Pleasure Faire, commented that they respect the concerns of the citizens in the area and they would ensure that the Faire would only create minimum impact to the neighborhood.

The following individuals commented in favor of the relocation of the Renaissance Faire to Alameda County: Lodema Epperson, Leo Epperson, Karen Mason, Michael Young, Bevan Iredell, Wendy Barks, Deborah Doyle, Eric Muller, Joe Hakik, Doreen Wiley, and Paul Schneider.

The following individuals commented in opposition to the relocation of the faire to Alameda County: Charlotte Rohren and David Oakley.

Audrey LePell addressed the Commission as Vice Chair of the Alameda County Planning Commission and past chair and member of the Alameda County Parks Recreation and Historical Commission. She asked whether the proposal was presented to the Alameda County Planning staff. Mr. Moran indicated that the Planning staff was aware of the proposal.

Commissioner Normandy moved, seconded by Commissioner Berman, to close the public hearing; carried (4-0) by unanimous vote.

Mr. Moran explained that the permit being proposed by staff only grants access to the land to do preliminary studies. He said that the permit would not preclude the Faire from applying for an EIR but they would have to obtain the PUC's approval before they could begin the EIR process. Mr. Silverman stated that their original request was to have access to the land to do the study and start the CEQA process. Michael Cohen, Deputy City Attorney, confirmed that the permit application only

allows access to the land to conduct the study. Commissioner Normandy commented that there needs to be a common understanding between staff and Renaissance Faire as to the purpose of the permit. Mr. Berliner noted that Condition 6 of the permit gives the PUC the right to revoke access rights to the permittee in the event that permittee takes actions contrary to the PUC's interests.

Moved by Commissioner Normandy, seconded by Commissioner Berman, to adopt Item 23; carried (4-0) by unanimous vote.

Resolution No. 96-0034: Authorizing the General Manager of Public Utilities to execute a revocable permit with Renaissance Entertainment Corporation for the use of 106 acres of Water Department land, Portion of Parcel 67 - Laguna Creek Lands, portion of Nashbaumor Tract, Calaveras Watershed in Alameda County.

24. Authorizing issuance of a Revocable Permit to Headway Technologies, Inc. to construct a utility crossing.

Moved by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 24; carried (4-0) by unanimous vote.

Resolution No. 96-0035: Authorizing the General Manager of Public Utilities to issue a Revocable Permit to Headway Technologies, Inc. for the purpose of constructing a utility crossing on the San Francisco Water Department pipeline right of way in Milpitas, Santa Clara County.

25. Adopting a policy for acquisition of critical watershed lands.

Mr. Moran stated that the policy supports the direction of the Commission to acquire critical watershed lands to protect existing and future water supplies and use nonessential properties to fund those acquisitions.

Commissioner Makras stated that the intent of the policy should be clear that any sale of land is for acquisition of smarter lands and that the sale of a parcel of land is not to be construed as surplus property. He expressed objections to the idea of disposing of land to fund capital projects. President Otsea stated that she does not want to use any of the lands for anything other than acquisition of critical watershed lands.

Moved by Commissioner Normandy, seconded by Commissioner Berman, to adopt Item 25; carried (4-0) by unanimous vote.

Resolution No. 96-0036: Adopting a policy for acquisition of critical watershed lands within the headwaters of San Mateo, Pilarcitos, and Alameda Creek watersheds essential for the protection of water resources; and directing the General Manager of Public Utilities to develop an implementation plan for this policy.

26. Authorizing issuance of a revocable permit to Alameda County Water District to install remote read equipment on Bay Division Pipelines No. 3 and 4 right-of-way

Moved by Commissioner Makras, seconded by Commissioner Berman, to adopt Item 26; carried (4-0) by unanimous vote.

Resolution No. 96-0037: Authorizing the General Manager of Public Utilities to issue a revocable use permit to Alameda County Water District to install remote read equipment for the Supervisory Control and Data Acquisition (SCADA) system on the Bay Division Pipelines No. 3 and 4 right-of-way in the City of Fremont.

27. Accepting the work completed on the Alameda Creek Diversion Road Reconstruction Project.

Moved by Commissioner Normandy, seconded by Commissioner Berman, to adopt Item 27; carried (4-0) by unanimous vote.

Resolution No. 96-0038: Accepting the work completed on the Alameda Creek Diversion Road Reconstruction Project; authorizing close out of contract; and authorizing final payment in the amount of \$1,500 to the contractor, Gary Marciel Excavating.

28. Accepting the work performed under San Francisco Water Department Contract No. WD-2173, Slope Stabilization at Harry W. Tracy Water Treatment Plant.

Moved by Commissioner Normandy, seconded by Commissioner Berman, to adopt Item 28; carried (4-0) by unanimous vote.

Resolution No. 96-0039: Accepting the work performed under San Francisco Water Department Contract No. WD-2173, Slope Stabilization at Harry W. Tracy Water Treatment Plant, as satisfactorily completed; approving final contract modification in the debit amount of \$11,725; and authorizing final payment in the amount of \$17,975 to the contractor, Pan-Marine Constructors Inc.

29. Authorizing an agreement with M.J. Schiff and Associates, Inc./Transpacific Geotechnical Consultants, Inc. to provide specialized corrosion engineering services.

Moved by Commissioner Berman, seconded by Commissioner Normandy, to adopt Item 29; carried (4-0) by unanimous vote.

Resolution No. 96-0040: Authorizing the Manager of Utilities Engineering Bureau to negotiate and execute an agreement with M.J. Schiff and Associates, Inc./Transpacific Geotechnical Consultants, Inc. to provide specialized corrosion engineering services, for a contract amount not to exceed \$330,000 and contract duration of 24 months.

30. Authorizing solicitation of qualifications from consulting firms to provide technical assistance in producing an Integrated Resource Plan.

Moved by Commissioner Normandy, seconded by Commissioner Berman, to adopt Item 30; carried (4-0) by unanimous vote.

Resolution No. 96-0041: Authorizing the General Manager of Public Utilities to solicit qualifications from consulting firms for one-time contracts to provide technical assistance in producing an Integrated Resource Plan for the water system.

The Commission proceeded with the discussion of Items 3 to 14 of the regular calendar.

3. Rescinding the vote taken February 13, 1996 to continue the public hearing to consider adoption of budget proposals for Fiscal Year 1996-97 for PUC departments and bureaus to 1:00 p.m. on February 27, 1996; and continuing the matter to a Special Meeting at 11:00 a.m. on February 27, 1996.

There was no need to take action on Item 3. The meeting did not commence until 1:00 p.m.

4. Public Hearing: To consider adoption of budget proposals for Fiscal Year 1996-97 for the departments and bureaus under the jurisdiction of the Public Utilities Commission.

Art Jensen, General Manager, Bay Area Water Users Association, expressed his support of any mandatory, necessary and prudent capital improvements to the water delivery system and any efforts to consider alternative funding mechanisms. Mr. Jensen stated that they would like to know to what extent reduction in capital programs could affect the level of service.

The Commission recessed from 3:40 to 3:55 p.m.

Steven Carmichael, Finance Director, summarized the budget proposals for the Water Department, Hetch Hetchy and the bureaus.

Commissioner Makras stated that he advocates a zero rate increase budget. He indicated that capital improvement projects should be planned on a long term basis. Mr. Moran stated that by the middle of this year, staff would have developed a plan dealing with capital improvements as a whole. Commissioner Makras suggested delaying the rate hike for six months when the long range plan would be in place. President Otsea commented that the proposed 10% rate increase would not be used for capital projects but strictly for the programmatic budget. She stated that there was no other way to fund the programmatic budget without a rate increase. Mr. Moran stated that staff intended to fund all capital programs from existing reserves, bonding authority for replacement and repair of emergency items, or issue revenue bonds.

Commissioner Normandy stated that he recognized the importance of developing a master plan but he was concerned about holding capital projects that were required for the department to be in compliance with the Department of Health Services (DOHS) orders. He asked whether there were any programs in the budget that could be postponed. Mr. Moran replied that the program had already been significantly reduced.

Commissioner Makras directed staff to look into all existing cash reserves and submit a list of accounts where additional funds could be tapped. Mr. Moran stated

that staff would look into capital projects that were completed but still have balances in the account.

Moved by Commissioner Berman, seconded by Commissioner Normandy, to adopt Item 4; carried (3-1) by roll call vote.

Ayes: Otsea, Berman, Normandy

No: Makras

Resolution No. 96-0042: Adopting the budget proposals for Fiscal Year 1996-97 for the departments and bureaus under the jurisdiction of the Public Utilities Commission.

CLOSED SESSION

5. Public Comments on matters to be discussed in Closed Session.

There was none.

THE PUBLIC UTILITIES COMMISSION MET IN CLOSED SESSION FROM 3:56 P.M. to 5:57 P.M. TO DISCUSS THE FOLLOWING MATTERS:

6. CONFERENCE WITH NEGOTIATOR-COLLECTIVE BARGAINING - Pursuant to Government Code Section 54957.6:

Negotiator: Diana Buchbinder, Manager, Bureau of Personnel and Training
Employee Organization and Type of Employees: Local 6 Electricians
Local 38 Plumbers

Issues Under Negotiation: Hours and working conditions

No action was taken.

7. CONFERENCE WITH LEGAL COUNSEL - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant and as Plaintiff
Regarding 500+ acres of Water Department property on Bernal Avenue in Alameda County.

No action was taken.

8. CONFERENCE WITH REAL PROPERTY NEGOTIATOR - Pursuant to Government Code Section 54956.8:

Property: Crystal Springs Golf Course in San Mateo County
Parties Negotiating: CCSF: Gary Dowd/Jodi Fedor
Lessee: Crystal Springs Golf Partners, LP
Under Negotiation: Terms

No action was taken.

9. CONFERENCE WITH LEGAL COUNSEL - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: San Mateo County Trails Easement/
Terms and Conditions

No action was taken.

10. CONFERENCE WITH LEGAL COUNSEL - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Pamela Halseth vs. CCSF,
San Mateo Superior Court No. 391-397.

Motion made by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 10; carried (4-0) by unanimous vote:

Resolution No. 96-0043: Approving settlement of claims in the case of Pamela Halseth vs. CCSF, San Mateo Superior Court No. 391-397.

11. CONFERENCE WITH LEGAL COUNSEL - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: City & County of San Francisco v. Boyd Olney,
San Francisco Superior Court No. 968-335.

Moved by Commissioner Normandy, seconded by Commissioner Berman, to adopt Item 11; carried (4-0) by unanimous vote.

Resolution No. 96-0044: Approving settlement of claims in the case of City & County of San Francisco v. Boyd Olney, San Francisco Superior Court No. 968-335.

12. CONFERENCE WITH LEGAL COUNSEL - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff
Regarding Chevron Oil Company.

No action was taken.

13. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken during the Closed Session.

14. Motion regarding whether to disclose the discussions during Closed Session.

Motion made by Commissioner Makras, seconded by Commissioner Normandy, not to disclose the discussions during Closed Session; carried (4-0) by unanimous vote.

Thereupon, the meeting was adjourned at 6:00 p.m.

Romaine A. Boldridge
Secretary

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3/12/96

MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

March 12, 1996
1:00 P.M.
Room 402
1155 Market Street, Fourth Floor

DOCUMENTS DEPT.

MAR 22 1996

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COMMISSIONERS

Marion E. Otsea, President

Henry E. Berman, Vice President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. CALL TO ORDER: 1:07 p.m.
2. ROLL CALL: Present - President Marion E. Otsea, Commissioner E. Dennis Normandy, Commissioner Henry E. Berman

Commissioner Victor G. Makras arrived at 1:15 p.m.

Excused - Commissioner Robert K. Werbe
3. APPROVAL OF MINUTES

On motion by Commissioner Normandy, seconded by Commissioner Berman, the Minutes of the Special Meeting of February 6, 1996 were approved (3-0) by unanimous vote.
4. COMMUNICATIONS

No action was taken.
5. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS

Commissioner Otsea announced that Arnold Palmer Golf Management Company withdrew their protest in connection with the Crystal Springs Golf Course.
6. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS

There was none.

7. REPORT OF THE GENERAL MANAGER

- Turbidity Incident

Dale Newkirk, operating manager at Water Supply & Treatment Division, reported that on March 4, 1996 due to heavy rainfall in the Hetch Hetchy area, the Moccasin watershed area brought turbid water into the reservoir and later into the Hetch Hetchy supply by gate leakage. The emergency operations team was put into operation at the San Antonio pump, the Sunol Water Treatment Plant and the Harry Tracy Water Treatment facility. Mr. Newkirk stated that during this period they were in constant communications with customers; and the customers were advised to drop their water demand from the system. The system is now back in normal operation.

Art Jensen, General Manager, Bay Area Water Users Association, commended staff for the swiftness of response in dealing with the incident and the openness in sharing information with suburban agencies.

- Technical Review Committee on Municipalization

Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power, reported that staff have received positive responses from Northern California Power Authority, City of Palo Alto, Natural Resources Defense Council, and the Controller's Office to participate in the Technical Review Committee. He said he was still awaiting response from other agencies such as the Bay Area Council, TURN, UC Berkeley Energy Institute and SMUD. The Environmental Defense Fund and the City of Alameda Electric Utility Agency declined to participate. Mr. Klein stated that he received letters from San Franciscans for Public Power and the San Franciscans for Tax Justice volunteering their services for the Technical Review Committee. The Commission agreed to include the two agencies on the committee. President Otsea suggested inviting investor owned utility companies to also participate.

Mr. Klein stated that the initial meeting of the Technical Review Committee is scheduled for March 18, 1996 to work on the selection process and the Request for Qualifications.

8. PUBLIC COMMENTS

There were none.

9. Public Hearing - To consider adopting the Update to the San Francisco Water Department Retail Urban Water Management Plan.

Steve Ritchie, Manager, Bureau of System Planning & Regulatory Compliance, stated that the demand projections have improved a bit more than a few years ago. He said that if we have a drought similar to the years 1987-1992, the system would be in better shape now. He said this was attributed to the way the system operates now with water supply being paramount, the FERC settlement that brought some reliability in our water supply, and the good demand management or water conservation that took place.

Art Jensen, General Manager, Bay Area Water Users Association, suggested combining all water management plans into one overall plan.

Motion made by Commissioner Makras, seconded by Commissioner Berman, to adopt Item 9; carried (4-0) by unanimous vote.

Resolution No. 96-0045: Adopting the Update to the San Francisco Water Department Retail Urban Water Management Plan.

10. Policy requiring enterprise departments to pay retail water rates.

Motion made by Commissioner Normandy, seconded by Commissioner Berman, to adopt Item 10; carried (4-0) by unanimous vote.

Resolution No. 96-0046: Adopting a policy requiring all enterprise departments to pay retail water rates; and authorizing application of retail rates to Airport consumption effective for all meter reads on and after July 1, 1996.

11. Recommending reversal of liens against the Booker T. Washington Service Center at 800 Presidio Avenue.

Joshua Milstein, Deputy City Attorney, commented that since PUC has no authority to release a lien ordered by the Tax Collector of which a portion is for water and service charges, he recommended that the Booker T. Washington Service Center pay the delinquent water and sewer charges and penalties through an escrow account.

Commissioner Makras directed staff to extend the same courtesy to other nonprofit organizations that maybe asking for a similar arrangement.

Motion made by Commissioner Normandy, seconded by Commissioner Berman, to adopt Item 11 as amended; carried (4-0) by unanimous vote.

Resolution No. 96-0047: Recommending reversal of liens against the Booker T. Washington Service Center following the deposit of delinquent water and sewer charges into an escrow account; urging the Tax Collector to reverse the lien upon payment of total amount due; and acknowledging the Center's agreement to pay delinquent water and sewer service charges from the proceeds of a loan.

12. Designating the date, time and place to conduct a public hearing to consider rate adjustments for water service and water supplied by the San Francisco Water Department.

Motion made by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 12; carried (4-0) by unanimous vote.

Resolution No. 96-0048: Designating Tuesday, April 9, 1996, 1:00 p.m. at 1155 Market Street, Room 402, San Francisco, California as the date, time and place to conduct a public hearing to consider proposals for rate adjustments for water service and water supplied by the San Francisco Water Department to its retail and wholesale customers and fee adjustments for various permits and services.

The Commission moved discussion of Item 13 to the end of the calendar.

14. Authorizing a lease agreement with Federal Express Corporation for .242 acres of Water Department land located at 563 South Main Street, Milpitas, California.

Motion made by Commissioner Makras, seconded by Commissioner Berman, to adopt Item 14; carried (4-0) by unanimous vote.

Resolution No. 96-0050: Authorizing the General Manager of Public Utilities to execute a lease agreement with Federal Express Corporation for .242 acres of Water Department land located at 563 South Main Street, Milpitas, California, for parking vehicles, for the term commencing on December 1, 1995 and terminating January 31, 1997 at a rental rate of \$800 per month for the first month and \$1200 per month for the remainder of the term.

15. Authorizing a lease agreement with GTE Mobilnet of California Limited Partnership for 1,555 square feet of Water Department land.

Motion made by Commissioner Berman, seconded by Commissioner Normandy, to adopt Item 15; carried (4-0) by unanimous vote.

Resolution No. 96-0051: Authorizing the General Manager of Public Utilities to execute a lease agreement with GTE Mobilnet of California Limited Partnership for 1,555 square feet of Water Department land located at 250 Courtland Drive, San Bruno, California for vehicular driveway access at an initial rental rate of \$1,200 per year on a year-to-year tenancy commencing February 1, 1996.

16. Authorizing a lease agreement with F. C. Creative, Inc. dba El Camino Driving Range for 3.84 acres of Water Department land located at 1095 Mission Road, South San Francisco, California.

Motion made by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 16; carried (4-0) by unanimous vote.

Resolution No. 96-0052: Authorizing the General Manager of Public Utilities to execute a lease agreement with F. C. Creative, Inc. dba El Camino Driving Range for 3.84 acres of Water Department land located at 1095 Mission Road, South San Francisco, California for use as golf driving range, for the term commencing on April 1, 1996 and terminating March 31, 1997, at a rental rate of \$2,000 per month for the first month and \$2,800 per month for the remainder of the term.

17. Authorizing the Bureau of Management Information Systems to transfer funds from Maintenance Services-Equipment to Telephones and Materials & Supplies accounts.

Motion made by Commissioner Berman, seconded by Commissioner Normandy, to adopt Item 17; carried (4-0) by unanimous vote.

Resolution No. 96-0053: Authorizing the Bureau of Management Information Systems to transfer \$50,000 from Maintenance Services-Equipment to Telephones, and to transfer \$67,129 from Maintenance Services-Equipment to Materials & Supplies.

CLOSED SESSION

18. Public Comments on matters to be discussed in Closed Session.

There were none.

The meeting recessed into Closed Session at 2:05 p.m.

The Public Utilities Commission met in closed session from 2:15 p.m. to 3:50 p.m. to discuss the following matters:

19. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water Department
property on Bernal Avenue in Alameda County.

No action was taken.

20. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: CCSF v. San Mateo, No. SBE 813

Moved by Commissioner Berman, seconded by Commissioner Makras, to approve a Stipulation for Reduced Assessment; carried (4-0) by unanimous vote:

Resolution No. 96-0054: Approving the Stipulation for Reduced Assessment and authorizing the General Manager of Public Utilities to sign the stipulation.

21. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff
Regarding Standard Oil Company of California (Chevron).

Moved by Commissioner Berman, seconded by Commissioner Makras, to authorize the City Attorney to file an unlawful detainer action; carried (4-0) by unanimous vote:

Resolution No. 96-0055: Authorizing the City Attorney to file an unlawful detainer action against Standard Oil Company of California (Chevron) or any actions necessary to defend against any action brought by Standard Oil (Chevron) in connection with the pipeline or leased premises.

22. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: Crystal Springs Golf Course in San Mateo County
Parties Negotiating: CCSF: Gary Dowd/Jodi Fedor
Lessee: Crystal Springs Golf Partners, LP
Under Negotiation: Terms

No action was taken.

23. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant
Regarding a protest from Arnold Palmer Golf Management Company.

Item 23 was taken off the calendar. Palmer Golf Company withdrew their protest.

24. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken by the Commission during the Closed Session.

25. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Normandy, seconded by Commissioner Berman not to disclose the discussion during the Closed Session; carried (4-0) by unanimous vote.

13. Authorizing the General Manager of Public Utilities to execute a Management Agreement with Crystal Springs Golf Partners, L.P., for 199.4 acres of Water Department land, Portion of Parcel 31 in San Mateo County.

Motion made by Commissioner Berman, seconded by Commissioner Normandy, to adopt Item 13; carried (4-0) by unanimous vote.

Resolution No. 96-0049: Authorizing the General Manager of Public Utilities to execute a Management Agreement with Crystal Springs Golf Partners, L.P., for 199.4 acres of Water Department land, Portion of Parcel 31 in San Mateo County, also known as 6650 Golf Course Drive, Burlingame, California, for the purpose of operating a public golf course and related facilities, including food and beverage service, for the term commencing on April 1, 1996 and terminating March 31, 1997, at a rental rate which will be the greater of \$50,000/month or 8% of Gross Revenues from food and beverage sales, plus 12% of Gross Revenues derived from Merchandise Sales, plus 25% of Gross Revenues from all other sources.

Thereupon, the meeting was adjourned: 3:56 p.m.

Romaine A. Boldridge
Secretary

SF

P82

#3

3/12/96

Special

MINUTES

PUBLIC UTILITIES COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

* SPECIAL MEETING

DOCUMENTS DEPT.

March 12, 1996

7:00 P.M.

Board of Supervisors Legislative Chambers
War Memorial Building
401 Van Ness Avenue, San Francisco

APR 19 1996

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

Marion E. Otsea, President

Henry E. Berman, Vice President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Commercial Land Management

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 7:17 p.m.
2. Roll Call: Present - President Marion E. Otsea, Commissioner E. Dennis Normandy, Commissioner Henry E. Berman, Commissioner Victor G. Makras

Excused - Commissioner Robert K. Werbe

3. Presentation of and hearing on the Sunol Valley Resources Management Plan for the San Francisco Water Department.

Ed Stewart, Watershed Manager, discussed the objectives and history of the planning process for developing the Sunol Valley Resources Management Plan.

David Blau of EDAW, Inc., consultant for the project, showed diagrams of each of the six alternatives for quarrying in the Sunol Valley. The six alternatives were: Alternative A - assumes that all existing permits and leases would apply for determining water storage and maximizes other recreational uses; Alternative B - maximizes mining for water storage in the south and look at developing north of the freeway for resource protection management, education and other activities; Alternative C - looked at the largest surface mining permit application which would be more mining north and south of the freeway; Alternative D - maximizes storage south of the freeway and acknowledges SMP 29 north of the freeway and enhances activities near the temple and added a campground at the south end; Alternative E - increases the size of the pit north of the freeway; and Alternative F - maximizes water storage south of the freeway and provides a buffer zone around the temple north of the freeway.

4. Public Comments

Jocelyn Combes, a member of the Board of Directors of the East Bay Regional Park District, representing Southern Alameda County expressed support for Alternative F as it provided for preservation of the Sunol Water Temple. In order to minimize future operating costs, the preferred alternative should take into consideration a mix of facilities that can provide revenue generation and centralization of facilities for operational efficiencies. Alternative D provides the best centralized recreational opportunity.

Adolph Martinelli, Planning Director of Alameda County, said that the statement made by the consultant in the "Draft Comparison Between Alternatives" was incorrect. He said that Alameda County did not oppose expanded mining south of the freeway. He stated that they merely pointed out that the approval process for

mining permits is difficult, expensive and complex with respect to environmental documentation. He stated that Alternative E maximizes quarry resources in the area and water storage capabilities on the north side of the freeway. He said the County of Alameda would be open to alternatives that would expand mining on the south side of the freeway subject to reservation they would maintain that reasonable setback from certain areas. He commented that none of the alternatives were absolute. He suggested that they could combine features, such as RV campgrounds or the mining portion on the south side of the freeway in they could combine Alternative F with Alternative E on the north side of the freeway to obtain a larger storage area and more economic return to the City.

Patricia Stillman, President, Save Our Sunol, commented in support of Alternative B as it would keep quarries on the south or east side of I-680 and place other activities on the north or west side of I-680. She expressed opposition to Alternatives E and F. She said that the community of Sunol could compromise with Alternative D if SMP 29 could not be rescinded.

Pete Cotter of Santa Clara Sand & Gravel Co., a wholly-owned subsidiary of RMC Lonestar, commented that in as far as the plan affects the area south of San Antonio Creek and west of Alameda Creek where they are currently mining, other than a few simple changes all the plans have merit.

William Howard, representing Mission Valley Rock, urged the Commission to consider Alternative E.

Maryanne Canaparo commented in support of any combination of Alternatives A, B or D and the portion of Alternative F which addresses the water temple. She commented that the community of Sunol would be heavily impacted by Alternatives C, E, and F.

Mike Cerny, a farmer in Sunol, commented that agriculture had been left out of the plan. He spoke of the need for more agriculture in the area.

Nancy Davis, Save Our Sunol, commented regarding Alameda County issues addressed in the "Draft Comparison between Alternatives" prepared by EDAAW regarding implications made by Alameda County that the Water Department would find it difficult to obtain County approvals for other projects if the Water Department were not cooperative with those items the County had already approved. She urged that the Commission investigate this matter.

Joanne Dean-Freemire, resident of Sunol, commented in support of Alternative D as originally drafted with the addition of nurseries and Alternative A that minimizes quarrying. She opposed putting SMP 32 on the northwest side of the freeway.

Cindy Frillman urged the Commission to implement a plan that does not quarry on the north side of the freeway. She expressed support for Alternatives B or D.

Howard Hamburg, Director and Chief Operating Officer, Renaissance Entertainment Corporation, commented in support of the goals of the watershed management plan to preserve and enhance Arroyo Dela Laguna.

Diane Tiessen, Save our Sunol, read a letter from Graham & Victoria Barnes of 1415 Kilcare Road in Sunol, expressing their preference for Alternative B and expansion of quarries on the far south side of I-680 and opposing Alternatives D,E and F. Ms. Tiessen, spoke on her own behalf and said that she would like to preserve Sunol as a historical area.

Ario Ysit commented that approval of SMP 32 ensures that there would be no development in the valley. He said a lake in the middle of the valley would benefit everybody.

Mr. Martinelli stated that the Sunol Water Temple should be retained and that the County of Alameda would be willing to cooperate with San Francisco in restoring the temple. He expressed objections to the language implied in the consultant's comparison of alternatives on Alameda County issues.

Commissioner Normandy suggested looking at a hybrid alternative that maximizes the protection around the Sunol Temple, the City's mining revenue and usable storage.

Commissioner Normandy moved, seconded by Commissioner Berman, to close the public hearing; carried (4-0) by unanimous vote.

Thereupon, the meeting was adjourned: 9:05 p.m.

Romaine A. Boldridge
Secretary

P82
#3
3/26/96

MINUTES

PUBLIC UTILITIES COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

March 26, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

DOCUMENTS DEPT.

APR 29 1996

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

Marion E. Otsea, President

Henry E. Berman, Vice President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Commercial Land Management

Engineering and Construction Management

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Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. CALL TO ORDER: 1:00 p.m.
2. ROLL CALL: Present - President Marion E. Otsea, Vice President Henry E. Berman, Commissioner E. Dennis Normandy, Commissioner Victor G. Makras

Excused - Commissioner Robert K. Werbe

3. APPROVAL OF MINUTES

Motion made by Commissioner Normandy, seconded by Commissioner Berman, to approve the Minutes of the Regular Meeting of February 13, 1996, the Minutes of the Regular Meeting of February 27, 1996 as amended, and the Minutes of the Regular Meeting of March 12, 1996; carried (4-0) by unanimous vote.

4. COMMUNICATIONS

No action was taken.

5. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS

No old business was introduced by Commissioners.

6. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS

No new business was introduced by Commissioners.

7. REPORT OF THE GENERAL MANAGER

Olympic Club

Joshua Milstein, Deputy City Attorney, reported that the Olympic Club had agreed to take tertiary water from the City of Daly City. The agreement was prompted by the fact that the Olympic Club was trying to expand its golf course west of Skyline Boulevard located in both San Mateo and San Francisco Counties. The Club sought approval from San Mateo County for a coastal development permit and the Coastal Commission granted the permit without consideration of the environmental impact of increased ground water withdrawal from Lake Merced. Mr. Milstein stated that President Otsea wrote a letter to the California Coastal Commission urging denial of the permit pending

the signing of a recycled water contract with Daly City or an environmental review of increased ground water withdrawal. In a meeting held with Club lawyers and Supervisor Barbara Kaufman last week, the Club agreed to take a position before the Coastal Commission that approval of the permit be conditioned on the signing of a recycled water agreement with the City of Daly City. Mr. Milstein suggested that the Club should pay for the quantity of water that the San Francisco Water Department adds to the lake.

Redevelopment Agency

Anson B. Moran, General Manager of Public Utilities, reported that the San Francisco Redevelopment Agency was proposing that the Public Utilities Commission pick up the water utility obligation and possibly the electricity utility obligation for Hunters Point Shipyard and the Treasure Island. He said that the Redevelopment Agency was also looking at opportunities of designating redevelopment buildings and projects as municipal loads. Mr. Moran stated that it would give PUC access to transmission paths and would provide a source of customers for PUC. He said that the Agency also expressed interest in establishing some kind of incentive rate structure that could attract people to relocate in redevelopment areas. Mr. Moran noted that the combination of transmission paths as municipal load plus additional customer base may provide room for doing an incentive structure. Commissioner Berman noted that PUC should consider those kind of incentives that would attract business in San Francisco as long as PUC is not the only participating agency. Commissioner Makras expressed his opinion that the posture should be what it means to our ratepayers and that we should not enter into negotiations based upon what we are going to give.

8. PUBLIC COMMENTS

There were none.

9. To consider adopting the Sunol Valley Resource Management Plan for the San Francisco Water Department.

Motion made by Commissioner Berman, seconded by Commissioner Normandy to continue Item 9 to April 9, 1996; carried (4-0) by unanimous vote.

10. Authorizing solicitation of qualifications and proposals to conduct a preliminary study of municipalizing the electric utility system.

Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power, reported that the Technical Review Committee convened its initial meeting on March 18, 1996. The committee is currently composed of representatives from San Franciscans for Public Power, Northern California Power Agency, City of Palo Alto, Natural Resources Defense Council, San Franciscans for Tax Justice, UC Energy Institute, PUC Consultant Wally Mcouat, PUC (Larry Klein), and ex-officio member Bayard Fong. Mr. Klein stated that the Controller's Office and the Bay Area Council indicated interests to serve on the Committee but they have not yet named a representative. Commissioner Makras recommended that staff set a deadline for completing the composition of the Committee.

Mr. Klein stated that a member of the Technical Review Committee proposed that a copy of the draft report be distributed to the Board of Supervisors Select Committee when it is distributed to the Commission. President Otsea directed staff to go ahead with this proposal.

Mr. Klein noted that the Committee also expressed concerns that prohibition of any follow-on work would restrict the number of bidders bidding for the project. He said the number of bidders last time were limited. He requested that the Commission remove the clause regarding prohibition of follow-on work. Mr. Moran stated that if the Commission wants the option of excluding a consultant from additional work at a future date there has to be exclusionary language in the bid document. The Commission agreed to leave the language of no follow-on work in the proposal. Commissioner Makras stated that with a defined goal and a set amount of money mandated to do a report we should try to get a complete report and proceed from that.

Motion made by Commissioner Normandy, seconded by Commissioner Berman, to adopt Item 10; carried (4-0) by unanimous vote.

Resolution No. 96-0056: Authorizing the General Manager of Public Utilities to solicit qualifications and proposals from qualified consulting firms to assist in conducting a preliminary study of municipalizing the electric utility system in the City & County of San Francisco.

11. Declaring an emergency and requesting approval of a supplemental appropriation for emergency repair of the Hetch Hetchy Access Road.

Motion made by Commissioner Makras, seconded by Commissioner Berman, to adopt Item 11; carried (4-0) by unanimous vote.

Resolution No. 96-0057: Ratifying the declaration of emergency and requesting the Mayor to recommend to the Board of Supervisors to approve a supplemental appropriation in the amount of \$1,000,000 for emergency measures to repair the Hetch Hetchy Access Road.

12. Amending the policy on the use of the mail insert program.

Motion made by Commissioner Normandy, seconded by Commissioner Makras, to adopt Item 12; carried (4-0) by unanimous vote.

Resolution No. 96-0058: Amending Public Utilities Commission Policy Number WD 2.11 concerning the use of the San Francisco Water Department mail insert program.

13. Accepting the work performed under San Francisco Water Department Contract No. WD-2116.

Motion made by Commissioner Berman, seconded by Commissioner Normandy, to adopt Item 13; carried (4-0) by unanimous vote.

Resolution No. 96-0059: Accepting the work performed under San Francisco Water Department Contract No. WD-2116, 16-Inch Ductile Iron Main Installation in Valencia Street between 14th and 17th Streets, as satisfactorily completed; approving the final contract modification in the debit amount of \$9,004; and authorizing final payment in the amount of \$13,166.70 to the contractor, P&J Utility Co.

14. Rejecting all bids received for Hetch Hetchy Contract No. HH-839; approving the revised plans and specifications; and authorizing bid call for Hetch Hetchy Contract No. HH-839R, San Joaquin Pipelines Crossover.

Motion made by Commissioner Normandy, seconded by Commissioner Makras, to adopt Item 14; carried (4-0) by unanimous vote.

Resolution No. 96-0060: Rejecting all bids received for Hetch Hetchy Contract No. HH-839; approving the revised plans and specifications; and authorizing bid call for Hetch Hetchy Contract No. HH-839R, San Joaquin Pipelines Crossover.

15. Awarding Hetch Hetchy Water and Power Contract No. HH-853, Tuolumne Meadows Sewer Rehab - Phase II.

Richard Stromberg, attorney for A. Ruiz Construction Co. & Associates, Inc., protested the award of the contract to Ford Construction Company, Inc. Mr. Stromberg stated that Ford Construction Company failed to comply with the bid requirement to submit a bid schedule and that it should be sufficient cause for rejection of their bid. He said Ford Construction Company submitted a work plan detail instead of a bid schedule. He presented copies of both documents to the Commission. The Ruiz bid schedule was a bar chart listing 60-70% activities. The Ford document listed six activities. Chris Cox, Deputy City Attorney, stated that the work plan submitted by Ford Construction Company functioned as a bid schedule. Replying to Commissioner Makras' inquiry, Mr. Hintze stated that there was a difference between a work plan detail and a bid schedule. He said that although Ford Construction used a different form, it served as a bid schedule. Commissioner Berman stated that it appeared that our staff took liberty to interpret what they thought someone was doing.

Fred Paulsen, District Engineer for Ford Construction Co., Inc., stated that they have submitted a schedule that reflected the bid requirement.

Commissioner Makras made a motion to find that Ford Construction Co. was not responsive and award the contract to Ruiz. Mr. Hintze said that staff had not reviewed A. Ruiz' bids as to compliance with MBE/WBE contract requirements. Bayard Fong, Contract Compliance Officer, stated that he had not reviewed A. Ruiz' MBE/WBE packet. Motion failed for lack of a second.

Commissioner Makras made a motion that based on testimony from staff and evidence presented, Ford Construction was found non responsive and that the bid of A. Ruiz Construction Co. & Associates, Inc. is accepted subject to approval by staff, the Human Rights Commission and all necessary approvals. Commissioner Normandy seconded. Motion carried (4-0) by unanimous vote.

Resolution No. 96-0061: Awarding Hetch Hetchy Water and Power Contract No. HH-853, Tuolumne Meadows Sewer Rehab - Phase II in the amount of \$2,862,545 to the second low bidder, A. Ruiz Construction Co. & Associates, Inc., subject to favorable review of bid documents by staff of the Public Utilities Commission and the Human Rights Commission.

16. Authorizing a lease agreement with Emmett Construction Co., Inc.

Motion made by Commissioner Makras, seconded by Commissioner Berman, to adopt Item 16; carried (4-0) by unanimous vote.

Resolution No. 96-0062: Authorizing the General Manager of Public Utilities to execute a lease agreement with Emmett Construction Co., Inc. for .09 acres of Water Department land located at 7835 Enterprise Drive, Newark, California, for use in storing construction materials for the term commencing February 1, 1996 and terminating January 31, 2001 at a rental rate of \$125.00 per month.

16.a. Authorizing a new revised permit to Bay Area Rapid Transit District (BART) for geotechnical investigation, soil boring, potholing and surveying along the former Muni right-of-way in San Mateo County.

Motion made by Commissioner Berman, seconded by Commissioner Makras, to adopt Item 16.a.; carried (4-0) by unanimous vote.

Resolution No. 96-0063: Revoking the permit approved by Resolution No. 95-0209 on November 14, 1995; approving the terms and conditions; and authorizing the General Manager of Public Utilities to execute a new revised permit to Bay Area Rapid Transit District (BART) as permittee, for the purpose of geotechnical investigation, soil boring, potholing and surveying along the former Muni right-of-way located in San Mateo County, on a month-to-month tenancy commencing upon authorization and approval of said permit by the Public Utilities Commission and expiring December 31, 1996, for a one-time non-refundable permit fee in the amount of \$3,250.00 to cover the City's processing, inspection and other administrative costs.

17. Approving the provisional and temporary appointments and removals made by the General Manager of Public Utilities.

Motion made by Commissioner Berman, seconded by Commissioner Normandy, to adopt Item 17; carried (4-0) by unanimous vote.

Resolution No. 96-0064: Ratifying and approving the provisional and temporary appointments and removals made by the General Manager of Public Utilities for the months of March 1995 through February 1996.

18. Civil Service Policy on Employment of Persons with Disabilities.

Motion made by Commissioner Normandy, seconded by Commissioner Makras, to adopt Item 18; carried (4-0) by unanimous vote.

Resolution No. 96-0065: Affirming support and endorsement of the Civil Service Policy on Employment of Persons with Disabilities.

CLOSED SESSION

19. Public Comments on matters to be discussed in Closed Session.

There were no public comments.

The Public Utilities Commission met in Closed Session from 2:44 p.m. to 4:10 p.m. to discuss the following matters:

20. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Dorothy Ogden v. CCSF,
Alameda County Superior Court No. H-166880-9

Motion made by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 20; carried (4-0) by unanimous vote.

Resolution No. 96-0066: Approving a settlement of claim in the case of Dorothy Ogden v. CCSF, Alameda County Superior Court No. H-166880-9.

21. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water Department
property on Bernal Avenue in Alameda County.

No action was taken.

22. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chevron v. CCSF, and CCSF v. Standard, et.al. (Chevron).

No action was taken.

23. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken by the
Commission during the Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Normandy, seconded by Commissioner Berman, not to
disclose the discussion during the Closed Session; carried (4-0) by unanimous vote.

Thereupon, the meeting was adjourned: 4:12 p.m.

Romaine A. Boldridge
Secretary

MAY 09 1996

SAN FRANCISCO
PUBLIC LIBRARY

MINUTES

PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

April 9, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

COMMISSIONERS

Marion E. Otsea, President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Commercial Land Management

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. CALL TO ORDER: 1:05 p.m.
2. ROLL CALL: Present - President Marion E. Otsea, Commissioner E. Dennis Normandy, Commissioner Victor G. Makras

Excused - Commissioner Robert K. Werbe

Note: Commissioner Henry E. Berman resigned effective March 29, 1996. A replacement has not been appointed as of today's meeting.

3. APPROVAL OF MINUTES

There were no minutes submitted for approval.

4. COMMUNICATIONS

No action was taken.

5. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS

There was none.

6. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS

Commissioner Makras suggested putting an item on the calendar for discussion of why, and how the Water Department puts liens on buildings. He said he had received a number of complaints from property owners in San Francisco about huge liens they pay on their tax bills for delinquent water charges accrued by tenants. John Mullane, General Manager, Water Department, stated that the department staff also received calls from property owners aggravated by liens imposed on their properties and not being able to control their tenants' water consumption. Mr. Mullane stated that the Board of Supervisors passed an ordinance in 1978 that gave the Water Department authority to impose liens for delinquent water and sewer bills. Before this is done, the Water Department notifies the owner or customer of the delinquency and the potential for placing a lien on the property if they do not pay the overdue amount in 15 days. If payment is not received, they again notify the owner to appear before the Lien Committee to protest the lien. If the owner does not pay the lien placed on the property by the end of the fiscal year, it is referred to the Tax Collector to prepare a special tax assessment and if is still unpaid at the end of five years, the Tax Collector could sell the property to collect the money. Mr. Mullane stated that the City Attorney advised that it was within the Water Department's purview to simultaneously implement the lien process

and terminate water service in commercial buildings occupied by tenants. Mr. Mullane said the Water Department would begin implementing the policy of terminating water service on commercial properties with delinquent water bills. Commissioner Makras indicated that the explanation given by Mr. Mullane was satisfactory. He suggested sending an announcement advising property owners about the policy.

7. REPORT OF THE GENERAL MANAGER

Anson B. Moran, General Manager, conveyed a message from former Commissioner Henry E. Berman thanking the members of the Commission and staff for their work while he served as a Commissioner on the PUC.

Mr. Moran stated that a letter was received from Senator Quentin Kopp requesting reconsideration of the Commission's action regarding the Millbrae Grade Separation Project. Since none of the Commissioners have requested that the matter be recalendared, Mr. Moran suggested writing a reply to Senator Kopp stating that the matter will not be calendared for reconsideration but he is welcome to address the Commission.

Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power reported that in two weeks utility agencies in California will hold collaborative discussions regarding the implementation of the plan to restructure the electric industry. He said that staff would provide an update to the Commission on the result of this discussion.

8. PUBLIC COMMENTS

There were none.

Items were taken out of order. Items 9, 10 and 11 were moved to the end of the calendar.

12. Accepting the work performed under Hetch Hetchy Contract No. HH-848(E), Early Intake Access Road Stabilization.

Motion made by Commissioner Normandy, seconded by Commissioner Makras to adopt Item 12; carried (3-0) by unanimous vote.

Resolution No. 96-0067: Accepting the work performed under Hetch Hetchy Contract No. HH-848(E), Early Intake Access Road Stabilization, as completed; approving final contract modification No. 1 in the credit amount of \$36,448.92; and authorizing final payment to the contractor, Schnable Foundation Company, in the amount of \$5,847.89.

13. Approving a fee increase paid to payment stations for collection of water and sewer service charges.

Motion made by Commissioner Makras, seconded by Commissioner Normandy to continue Item 13 to April 23, 1996; carried (3-0) by unanimous vote.

14. Authorizing the General Manager of Public Utilities to execute the 1996 WARN Omnibus Mutual Aid Agreement.

John Mullane, General Manager, Water Department, advised that the resolution should be amended to authorize the PUC to transmit the agreement to the Board of Supervisors for approval.

Motion made by Commissioner Normandy, seconded by Commissioner Makras to adopt Item 14 as amended; carried (3-0) by unanimous vote.

Resolution No. 96-0068: Authorizing the General Manager of Public Utilities to execute the 1996 WARN Omnibus Mutual Aid Agreement amendment governing procedures for mutual assistance between water agencies in time of emergency.

15. Accepting the work performed under San Francisco Water Department Contract No. WD-2117.

Motion made by Commissioner Normandy, seconded by Commissioner Makras to adopt Item 15; carried (3-0) by unanimous vote.

Resolution No. 96-0069: Accepting the work performed under San Francisco Water Department Contract No. WD-2117, 8-Inch Ductile Iron Main Installation in Grant Avenue between Sutter Street and Columbus Avenue and Sewer Line Replacement in Grant Avenue between Washington and Clay Streets, as satisfactorily completed; approving debit contract modification No. 1 in the amount of \$19,384.00; and authorizing final payment in the amount of \$14,124.00 to the contractor, Shaw Pipeline, Inc.

16. Authorizing the General Manager of Public Utilities to execute an agreement with Linear Options, Inc.

Motion made by Commissioner Makras, seconded by Commissioner Normandy to adopt Item 16; carried (3-0) by unanimous vote.

Resolution No. 96-0070: Authorizing the General Manager of Public Utilities to execute an agreement with Linear Options, Inc., as lessee, for the lease of approximately .244 acres of Water Department land located at One Kelly Court in Menlo Park, CA for parking vehicles and storage of materials on a month-to-month tenancy commencing on April 1, 1996 at a rental rate of \$500 per month.

17. Authorizing the General Manager of Public Utilities to execute an agreement with Serra Bowl, Inc.

President Otsea suggested amending the resolution to include information on back rent.

Motion made by Commissioner Makras, seconded by Commissioner Normandy to adopt Item 17 as amended; carried (3-0) by unanimous vote.

Resolution No. 96-0071: Authorizing the General Manager of Public Utilities to execute an agreement with Serra Bowl, Inc., as lessee, for the lease of approximately 1.03 acres of land located at 3301 Junipero Serra Blvd. in Daly City, CA for parking, storage and driveway access for a term commencing on January 1, 1996 and terminating December 31, 2005 at a rental rate of \$3,333.33 per month provided that the lessee shall pay \$43,099.23 for back rent and real estate taxes due for the period October 1, 1994 through February 29, 1996.

18. Authorizing the execution of a "Memorandum of Understanding of Principles of Agreement for Substitution of Tertiary Recycled Water for Groundwater to Irrigate Golf Courses".

President Otsea directed staff to make it clear to the golf clubs that they must sign the purchase agreement with the City of Daly City by July 1, 1996. Commissioner Makras suggested adding a clause in the MOU that if the clubs do not have the agreement signed by this date and if the City institutes a legal action they should reimburse the City for legal fees. Joshua Milstein, Deputy City Attorney, stated that the legal fees would be astronomical. Commissioner Normandy suggested modifying the resolution to put pressure on the clubs to abide by the agreement. Mr. Milstein suggested instructing the legal counsel or staff to take appropriate action if the clubs do not sign the contract by

July 1. The Commission agreed to indicate in the resolution not only for staff to report by July 1 on the progress but also to recommend appropriate action if the contract is not signed.

Motion made by Commissioner Normandy, seconded by Commissioner Makras to adopt Item 18 as amended; carried (3-0) by unanimous vote.

Resolution No. 96-0072: Authorizing the General Manager of Public Utilities to sign the "Memorandum of Understanding of Principles of Agreement for Substitution of Tertiary Recycled Water for Groundwater to Irrigate Golf Courses" with the City of Daly City, the Olympic Club, the Lake Merced Golf and Country Club, and the San Francisco Golf Club; and directing staff to report by July 1, 1996 on progress toward providing recycled water to the golf clubs and directing staff and counsel to recommend appropriate action.

Item 9 and 10 were discussed collectively by the Commission.

9. Public Hearing - To consider a proposal for adopting a revised schedule of rates to be charged by the San Francisco Water Department for water service to **retail customers in and outside San Francisco**.
10. Public Hearing - To consider a proposal for adopting a revised schedule of rates to be charged by the San Francisco Water Department for water service to Suburban Wholesale customers.

Timothy Dayonot, Manager, Government & Public Affairs, gave a presentation using electronic media regarding the outreach program he was conducting with organizations having interests in the proposed water rate increase. Mr. Dayonot stated that presentations were made to the Hotel Association, Building Owners and Managers Association, and the Chamber of Commerce. He said there were no formal positions taken by these groups regarding the rate increase. Mr. Moran stated that the hotel association was more interested in changing the rate structure.

William H. Laws, Rate Administrator, gave a presentation using electronic media on the rate objectives, revenue requirement rate analysis, cost allocation to retail and resale customers and how the balancing account affects rates, and staff's recommendation for water rates and miscellaneous fees and charges.

Mr. Moran noted that if there were delays in hiring new employees, he would hire contractors so as not to impede the start of the projects.

Commissioner Makras stated that there would be no need to increase water rates if we reduced the proposed capital improvement program by \$5.408 million. He stated that

some projects could be phased-in over several years and it would give time for the department to catch up with projects that were already funded but have not been started as of today.

Robert Jacobs, Executive Director of San Francisco Hotel Association, commented that the hotel association was opposed to the proposed increase in water and sewer rates.

Art Jensen, General Manager, Bay Area Water Users Association, commented that they would continue to work with staff regarding capital financing alternatives and long term financing plans. He stated that they are also interested in looking for ways to manage costs paid by suburban customers.

Motion made by Commissioner Normandy, seconded by Commissioner Makras to continue Items 9 and 10 to April 23, 1996; carried (3-0) by unanimous vote.

11. To consider adopting the Sunol Valley Resource Management Plan for the San Francisco Water Department.

Mr. Moran recommended that the Commission not take action at this meeting and continue the matter to the next meeting.

David Blau of EDAW, Inc., consultant for the project, showed charts comparing gross mining revenue and usable water storage for Alternatives A, E, and F. He discussed the mining completion for each alternative. Mr. Blau stated that in Alternative A, there would be less storage and less revenue but there would be capabilities of storing water earlier. Mining in Alternative A is phased for completion in years 2001, 2005, 2006. One pit was estimated to be completed between years 2015-2020. The City would acquire 32,000 acre feet in usable storage and produce revenue of \$24,500,000 when all mining pits in Alternative A are completed by year 2020. In Alternative E, mining is phased for completion in years 2003 and 2006, and two pits are estimated to be completed in year 2045. Mr. Blau said that in Alternative E there would be mining until the year 2045 with the potential to reclaim 53,100 acre feet for usable water storage. In Alternative F, mining is phased for completion in years 2003, 2006, 2013, 2021 and 2045.

William Howard, Vice President of Mission Valley Rock, responded positively to Commissioner Makras' question on whether Mission Valley Rock could increase their mining production.

Mort Calvert, an engineer for Mission Valley Rock, commented that findings based on the environmental study approved by Alameda County indicated that there would be no significant impact on the Sunol temple with the 630 ft. set back in Alternative E.

James Sorensen, Head of Development Planning Division of Alameda County, commented that the combination of Alternative E, maximizing storage north of the

freeway, and Alternative F, maximizing storage south of the freeway, would be Alameda County's preferred alternative as it could accomplish the objectives of the Water Department and the County of Alameda.

Mr. Moran proposed a sequence that goes first to mining on the existing pit south of the freeway then on the north of the freeway (the big footprint for mining) with reclamation to Alternative F, and adopt two alternatives south of the freeway, one recognizing existing permits and the other recognizing more aggressive mining in that area. He said this sequence would best serve the City's interests in revenue and water storage capabilities and the concerns around the Sunol temple site. Mr. Sorensen stated that this proposal would also be acceptable.

Motion made by Commissioner Normandy, seconded by Commissioner Makras to reopen the public hearing; carried (3-0) by unanimous vote. President Otsea reopened the public hearing.

Patricia Stillman, President, Save our Sunol, commented that the impact to the Sunol community of quarrying was not mentioned in any of the discussion. She urged that the Commission consider their concerns regarding the noise, air pollution and effects to property values if quarrying is permitted in the area.

Bart Stillman, commented that the people in Sunol were not being consulted properly on this project. He stated that the Environmental Impact Report on Surface Mining Permit 32 was incomplete and that their association, Save Our Sunol, had sued the County of Alameda regarding approval of the permit.

On motion made by Commissioner Normandy, seconded by Commissioner Makras, the public hearing was closed; carried (3-0) unanimously.

Commissioner Normandy suggested looking at time lines relative to Alternatives E and F and identify "who, what, and when" would be affected by its adoption. He said it would enable the Commission to make decisions beneficial to the City, the citizens of Sunol and the vendors with whom the City is dealing.

Motion made by Commissioner Normandy, seconded by Commissioner Makras to continue Item 11 to May 14, 1996; carried (3-0) by unanimous vote.

CLOSED SESSION

19. Public Comments on matters to be discussed in Closed Session.

The Public Utilities Commission met in closed session from 4:00 p.m. to 5:25 p.m. to discuss the following matters:

20. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chevron v. CCSF, and CCSF v. Standard, et.al. (Chevron).

Motion made by Commissioner Makras, seconded by Commissioner Normandy to issue a permit for Item 20; carried (3-0) by unanimous vote.

Resolution No. 96-0073: Authorizing the General Manager of Public Utilities to issue and execute any permits required to assess the impacts of the existing Chevron Bay Area Products Pipeline located near the San Antonio Reservoir to Chevron Pipeline Company or their affiliates.

21. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County.

No action was taken by the Commission on Item 21.

22. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant
Claimant: Robin Bauer

Motion made by Commissioner Normandy, seconded by Commissioner Makras, to approve a settlement for Item 22; carried (3-0) by unanimous vote.

Resolution No. 96-0074: Approving a settlement of claim for Robin Bauer.

23. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant
Claimant: Norman Hoo/United Auto Repair

Item 23 was removed from the calendar.

24. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant
Claimant: Pacific Gas & Electric

Moved by Commissioner Makras, seconded by Commissioner Normandy to approve a settlement for Item 24; carried (3-0) by unanimous vote:

Resolution No. 96-0075: Approving a settlement of claim for Pacific Gas & Electric.

25. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: City and County of San Francisco v. Crystal Springs Golf Club, Inc.

Moved by Commissioner Normandy, seconded by Commissioner Makras to authorize an agreement with Crystal Springs Golf Club, Inc. to pay \$5,000 for underground tank removal.

Resolution No. 96-0076: Authorizing the General Manager of Public Utilities to execute an agreement with Crystal Springs Golf Club, Inc. obligating the City to contribute one half of the cost of the removal of underground fuel storage tanks on the premises up to \$10,000, such that the City's maximum contribution would be \$5,000.

26. Announcement following Closed Session.

The Commission reconvened in open session at 5:25 p.m. Romaine A. Boldridge, Commission Secretary, announced the actions taken by the Commission.

27. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Normandy, seconded by Commissioner Makras, not to disclose the discussions during Closed Session; carried (3-0) by unanimous vote.

Thereupon, the meeting was adjourned: 5:27 p.m.

Romaine A. Boldridge
Secretary

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CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

***SPECIAL MEETING**

April 23, 1996

10:00 A.M.

Room 402

1155 Market Street, Fourth Floor

COMMISSIONERS

Marion E. Otsea, President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Commercial Land Management

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 10:00 a.m.
2. Roll Call: Present - President Marion E. Otsea, Commissioner E. Dennis Normandy, Commissioner Victor G. Makras
Excused - Commissioner Robert K. Werbe
3. Approval of Minutes
Motion made by Commissioner Normandy, seconded by Commissioner Makras, to approve the Minutes of the Special Meeting of March 12, 1996 and the Minutes of the Regular Meeting of March 26, 1996; carried (3-0) by unanimous vote.
4. Communications
No action was taken.
5. Introduction of Old Business by Commissioners
There was none.
6. Introduction of New Business by Commissioners
There was none.
7. Report of the General Manager
Anson B. Moran, General Manager, Public Utilities Commission, advised that staff will calendar an item regarding a possible settlement offer concerning San Joaquin Tributaries for the next meeting.
Mr. Moran advised that staff will begin to use the new agenda item format for the next Commission meeting.

8. Public Comments

Larry Knight and Loretta Knight commented that they had not gotten an approval to access their garage from the San Francisco Water Department's right of way in Redwood City. Staff will calendar this item for the next PUC meeting.

Alice Lee, PY Lee Realty, commented on behalf of a property owner who had received notice that their property was subject to being lienied by the Water Department for delinquent water bills. Ms. Lee stated that the property was a single residential unit rented to a tenant. She asked about the possibility of shutting off water service to the property. John P. Mullane, General Manager, Water Department, stated that the shut-off rules for residential properties are different from commercial properties. Thomas Berliner, Utilities General Counsel, explained it was different due to health and safety issues that are not an issue in commercial properties. Mr. Berliner stated that the City does not want to get in between the landlord and the tenant. He said if a customer does not pay their water bill, the City's ultimate recourse was to put a lien on the property for the amount owed. Mr. Mullane commented that there was another alternative suggested by the City Attorney which would treat all residential customers consistently rather than react to individual requests from landlords. The alternative would be to notify all residential customers that if they become delinquent in their water bills the Water Department will shut off their water service.

Commissioner Makras directed staff to calendar this matter for further discussion. Commissioner Normandy suggested that staff provide the pros and cons of any available option to identify the extent of expenses and liabilities we would be exposed to.

9.a. Authorizing bid call for Hetch Hetchy Water and Power Contract No.WP-09.

Moved by Commissioner Normandy, seconded by Commissioner Makras, to adopt Item 9.a.; carried (3-0) by unanimous vote.

Resolution No. 96-0077: Authorizing bid call for Hetch Hetchy Water and Power Contract No. WP-09, Waterproof and Coat Moccasin and Priest Intake and Outlet Towers.

- 9.b. Authorizing bid call for Hetch Hetchy Water and Power Contract No. HH-838.

Moved by Commissioner Normandy, seconded by Commissioner Makras, to adopt Item 9.b.; carried (3-0) by unanimous vote.

Resolution No. 96-0078: Authorizing bid call for Hetch Hetchy Water and Power Contract No. HH-838, Holm Penstock Slope Stabilization.

- 9.c. Accepting the work performed under Hetch Hetchy Contract HH-845, Moccasin-Newark Transmission Line Tower Painting.

Moved by Commissioner Normandy, seconded by Commissioner Makras, to adopt Item 9.c.; carried (3-0) by unanimous vote.

Resolution No. 96-0079: Accepting the work performed under Hetch Hetchy Contract HH-845, Moccasin-Newark Transmission Line Tower Painting; approving the final Contract Modification in the credit amount of \$45,679.50; granting the contractor a one-day time extension; and authorizing final payment in the amount of \$3,000.00 to the contractor, Public Utilities Maintenance, Inc.

10. Rescinding the vote taken April 9, 1996 to continue the public hearing to consider a proposal for adopting a revised schedule of rates to be charged by the Water Department for water service to **retail customers in and outside San Francisco** and **Suburban Wholesale customers** to 1:00 p.m. on April 23, 1996; and continuing the matter to a Special Meeting at 10:00 a.m. on April 23, 1996.

Moved by Commissioner Normandy, seconded by Commissioner Makras, to adopt Item 10; carried (3-0) by unanimous vote.

Items 11 and 12 were discussed collectively.

11. Public Hearing - To consider a proposal for adopting a revised schedule of rates to be charged by the San Francisco Water Department for water service to **retail customers in and outside San Francisco**.
12. Public Hearing - To consider a proposal for adopting a revised schedule of rates to be charged by the San Francisco Water Department for water service to **Suburban Wholesale customers**.

The following individuals commented:

Holger Gantz, General Manager of San Francisco Hilton, commented that he did not intend to pay 10% more in water rates without seeing a plan and without knowing why raising the water rates is absolutely necessary.

Jon Handlery of Handlery Hotel commented opposing the increase in water rates and suggested finding ways in which funds can be diverted to necessary projects.

Bob Begley, Executive Director, Hotel Council, urged the Commission to reconsider the rate increase proposal and make it equitable so as not to burden the hotel industry.

Lorna Strachan commented on behalf of Golden Gate Restaurant Association that it is very burdensome for restaurant owners to absorb another rate increase. She suggested completing ongoing projects first before starting new projects.

President Otsea stated that the PUC's budget had been reviewed extensively by a Budget Committee composed of three members of the Commission. She said the Committee had cut the budget and had prioritized capital improvement projects. She pointed out that the proposed capital projects in the budget were necessary for the repair, maintenance or replacement of pipelines to keep them from breaking in case of a seismic event.

Commissioner Makras expressed the opinion that raising rates 10% rate increase without a business plan would not be prudent for the Commission. He said that he would like to explore as options either not to have a rate increase or to work with a lower percentage increase. He suggested looking into the possibility of phasing the hiring of the 41 positions proposed in the budget and deobligating some of the projects to save on salaries and reduce the costs of capital improvements. He also suggested deleting those projects that have been previously funded but where no work has been started. Mr. Moran responded that staff had already phased the hiring of the new positions over a two year period.

Commissioner Normandy commented that he did not support a rate increase, but for the Water Department to continually deliver clean water, we needed to increase the rate to fund the much needed improvements to the system. In response to Commissioner Makras' question regarding a partial rate increase, Commissioner Normandy stated that he was not prepared to decide what is an equitable rate increase as there was no alternative submitted by staff today other than the 9.6% increase.

Commissioner Normandy moved, seconded by Commissioner Makras to close the public hearing; carried (3-0) by unanimous vote.

Mr. Moran responded to Commissioner Makras' question, that the hiring schedule for 40 people was doable, and if the Civil Service Commission could not perform he would be contracting those positions out.

Commissioner Makras directed staff to provide a status report on a monthly basis with a list of employees that were hired and a list of capital projects that went online.

Moved by President Otsea, seconded by Commissioner Normandy, to adopt Items 11 and 12; carried (3-0) by roll call vote:

AYES -	Otsea, Normandy, Makras
NO -	None.

Resolution No. 96-0080: Adopting a revised Schedule of Rates to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas effective with meter readings made on or after July 1, 1996.

Resolution No. 96-0081: Ratifying a determination that the calculated rate adjustment for suburban resale water service being less than 2%, no adjustment in the rate for suburban resale water customers is required; and confirming that the current schedule of rates and charges for water service supplied by the San Francisco Water Department to its suburban resale customers will remain in effect.

President Otsea took the calendar out of order to discuss Item 20 of the Closed Session Agenda.

CLOSED SESSION

19. Public Comments on matters to be discussed in Closed Session.

No public comments.

The Public Utilities Commission went into Closed Session from 11:30 a.m. to 11:40 a.m.

20. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: CCSF v. Ameron, Inc.
County of Santa Clara No. CV738-095

Resolution No. 96-0086: Approved a settlement in the case of CCSF v. Ameron, Inc., County of Santa Clara No. CV738-095.

21. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water Department
property on Bernal Avenue in Alameda County.

Item 21 was removed from the closed session agenda.

22. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Bay Delta Hearings - D-1630.

Item 22 was removed from the closed session agenda.

23. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced that the Commission took action on Item 20 and removed Items 21 and 22 from the closed session agenda.

24. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Normandy, seconded by Commissioner Makras not to disclose the discussion during the Closed Session; carried (3-0) by unanimous vote.

The Commission resumed discussion of the remaining items in the Regular Agenda.

13. Resolution commending former Commissioner Henry E. Berman.

Moved by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 13; carried (3-0) by unanimous vote.

Resolution No. 96-0082: Commending former Commissioner Henry E. Berman for his service as a member of the Public Utilities Commission.

14. Resolution commending Christine Morioka.

Moved by Commissioner Normandy, seconded by Commissioner Makras, to adopt Item 14; carried (3-0) by unanimous vote.

Resolution No. 96-0083: Commending Christine Morioka for her service to the Public Utilities Commission and the City and County of San Francisco.

15. Approving an increase in the fee paid to payment stations for collection of water and sewer service charges from \$0.15 to \$0.25 per bill; and authorizing the Water Department General Manager to enter into contracts with individual payment stations for collection of water, sewer service charges and utility taxes.

Moved by Commissioner Normandy, seconded by Commissioner Makras to continue Item 15 for additional information; carried (3-0) by unanimous vote.

16. Consideration of award of San Francisco Water Department Contract No. WD-2199.

Moved by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 16; carried (3-0) by unanimous vote.

Resolution No. 96-0084: Consideration of award of San Francisco Water Department Contract No. WD-2199, Repaving of Street and Sidewalk Openings for the San Francisco Water Department for the Fiscal Year Ending June 30, 1997 to the low bidder, A. Ruiz Construction Co. & Associates, Inc., for a contract amount of \$1,274,810.

17. Authorizing the General Manager of Public Utilities to execute a lease agreement with Ron Price Motors, Inc., dba Price's Used Cars.

Moved by Commissioner Normandy, seconded by Commissioner Makras, to adopt Item 17; carried (3-0) by unanimous vote.

Resolution No. 96-0085: Authorizing the General Manager of Public Utilities to execute a lease agreement with Ron Price Motors, Inc., dba Price's Used Cars, as lessee, for approximately .835 acres of land, for the purpose of parking vehicles for the term commencing on April 1, 1996 and terminating March 31, 2006 at a rental rate of \$3,600 per month provided that the lessee shall pay \$1,515.87 for back rent due; and acknowledging receipt of a check from tenant for payment of back rent.

18. Authorizing the Manager of System Planning and Regulatory Compliance to negotiate and execute an agreement with Carollo Engineers/AGS, Inc., a joint venture, to provide professional engineering services to identify and prioritize improvements needed at the Sunol Valley Water Treatment Plant, for a contract amount not to exceed \$150,000 for a term of four months.

Commissioner Makras suggested continuing this item to give him time to review the Request for Proposal (RFP) document to see what is going to be accomplished by the contract.

Moved by Commissioner Miller, seconded by Commissioner Normandy to continue Item 18 to the next meeting on May 14, 1996; carried (3-0) by unanimous vote.

Thereupon, the meeting was adjourned:

11:55 a.m.

Romaine A. Boldridge
Secretary

MINUTES

PUBLIC UTILITIES COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

May 14, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

DOCUMENTS DEPT.

JUN 05 1996

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PUBLIC LIBRARY

COMMISSIONERS

Marion E. Otsea, President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

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Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. CALL TO ORDER: 1:05 p.m.
2. ROLL CALL: Present - President Marion E. Otsea, Commissioner E. Dennis Normandy, Commissioner Robert K. Werbe
Excused - Commissioner Victor G. Makras
3. APPROVAL OF MINUTES
On motion by Commissioner Werbe, seconded by Commissioner Normandy, the Minutes of the Regular Meetings of April 9, 1996 and April 23, 1996 were approved (3-0) by unanimous vote.
4. COMMUNICATIONS
No action was taken.
5. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS
There was no old business introduced by Commissioners.
6. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS
There was no new business introduced by Commissioners.
7. REPORT OF THE GENERAL MANAGER
There was none.
8. PUBLIC COMMENTS
Ruth Brinker, Fresh Organic Farms Project, requested that if there were any surplus lands for sale by the department that they be turned over to Fresh Start Farm. Anson B. Moran stated that staff intends to report to the Commission regarding recommendations for surplus properties.

The agenda was taken out of order. The minutes reflect the order in which agenda items were taken by the Commission.

21. Designating a date to conduct a public hearing to consider proposals for rate adjustments for water service and water supplied by the San Francisco Water Department.

Motion made by Commissioner Normandy, seconded by Commissioner Werbe to adopt Item 21; carried (3-0) by unanimous vote:

Resolution No. 96-0098: Designating May 28, 1996 at 1:00 p.m. at 1155 Market Street, San Francisco, California as the date, time and place to conduct a public hearing to consider proposals for rate adjustments for water service and water supplied by the San Francisco Water Department for its retail and wholesale customers and fee adjustments for various permits and services.

22. Authorizing issuance of a permit to Sandra Lee Sheffield.

Robin Eickman, Director of the San Francisco Film Commission, expressed concerns about the length of time it took for the permit to get approved and the permit fee required. She stated that the Film Commission waives fees for nonprofit organizations or students when they are filming in the City. Mr. Moran stated that staff would inform the Film Commission of PUC's permit issuance procedure and fees.

Motion made by Commissioner Werbe, seconded by Commissioner Normandy to adopt Item 22; carried (3-0) by unanimous vote:

Resolution No. 96-0099: Authorizing the General Manager of Public Utilities to execute a permit with Sandra Lee Sheffield to conduct still photography, collect materials for an audio soundtrack and operate a six-person film crew on Water Department lands commencing upon execution following PUC approval and expiring upon oral or written notice from the City for a permit processing fee of \$750.00.

17. Authorizing the issuance of up to \$145 million of Water Department bonds.

Steven Carmichael, Director, Bureau of Finance, stated that the approval of the Third Supplemental Indenture was necessary due to the new Charter going into effect on July 1, 1996. He said the new Charter eliminated the wording that allows PUC to issue debt financing under the same indenture agreements upon which existing PUC bonds were based. The indenture would affirm that language and allow PUC to go out for debt issues for the next fiscal year without having to get approval of the Board of Supervisors and without amending the Charter. He said there would be no Charter amendment proposals on the ballot for the next election. The resolution also authorizes the issuance of \$145 million water bonds; \$70 million of which is for refinancing of bonds and \$75 million for repair and replacement bonds for facilities and other items required by state and federal mandate.

Motion made by Commissioner Werbe, seconded by Commissioner Normandy to adopt Item 17; carried (3-0) by unanimous vote:

Resolution No. 96-0096: Authorizing the execution of Third Supplemental Indenture, affirming the application of San Francisco Charter Section 6-407-1 to outstanding Water Department bonds; authorizing the issuance of up to \$145 million of Water Department bonds for repair and/or replacement of existing Water Department facilities, construction of facilities, and refunding of all or part of the 1991 Series A bonds.

18. Approving the proposed Charter Amendment which will establish separate revenue funds for the Water Department and Hetch Hetchy for the deposit of revenues generated from the Water Department and Hetch Hetchy, respectively; and provide priority schedules for expenditures paid from these two funds.

Item 18 was removed from the calendar.

President Otsea removed Items numbered 10, 10.a., 13, 14, 16, 19 and 26 from the Regular Calendar for consideration as Consent Calendar items.

Motion made by Commissioner Normandy, seconded by Commissioner Werbe to adopt Items 9.a. 10, 10.a., 13, 14, 16, 19 and 26; carried (3-0) by unanimous vote:

- 9.a. Resolution No. 96-0087: Approving collection of charges for damages against the San Francisco Water Department in the amount of \$4,210.34 and the Bureau of Light, Heat and Power in the amount of \$1,235.93 for the months of January, February, and March 1996.

10. Resolution No. 96-0088: Authorizing the General Manager of Public Utilities to negotiate a modification to the agreement with Martha H. Lennihan to assist the City Attorney's Office on Central Valley Policy Improvement Act (CVPIA) and water transfer related matters, extending the contract to December 31, 1997 at a cost not to exceed \$80,000.
- 10.a. Resolution No. 96-0089: Setting June 18, 1996 at 1:00 p.m. at 1155 Market Street, San Francisco, California as the date, time and place for a public hearing to consider findings of fact and judgment relating to the transfer of funds from Hetch Hetchy Water and Power to the General Fund.
13. Resolution No. 96-0092: Authorizing the General Manager of Public Utilities to transfer \$500,000 from "Taxes, Licenses, and Permits" to "Materials & Supplies" in the Water Supply and Treatment Division's operating fund.
14. Resolution No. 96-0093: Requesting approval to solicit and advertise for Request for Proposals for EDP professional services to implement the Hewlett Packard ChemLMS Laboratory Information Management System (LIMS) and Bar Coding.
16. Resolution No. 96-0095: Approving the final plans and specifications and authorizing bid call for San Francisco Water Department Contract No. WD-2198, Town of Sunol Water System Improvements.
19. Resolution No. 96-0097: Authorizing the General Manager of Public Utilities to transfer \$230,000 in the Water Department's Operating Budget from "Other Current Expenses" to "Services of Other Departments" to increase the funds work ordered to the City Attorney's Office for outside legal services related to arbitration proceeding with the Suburban Purchasers.
26. Resolution No. 96-0103: Approving the San Francisco Water Department's participation in a regional waterborne disease surveillance program with the Western Consortium for Public Health.

12. Authorizing the development of a managed access program for PUC's Right of Way.

Eric Kellers, a resident of Redwood City, commented that he was opposed to closing the right of way on St. Francis Street.

Michael McCracken, representing Mr. and Mrs. Brazil, commented that his client's property was rendered unmarketable due to their garage encroaching into the Water Department's Right of Way. He requested that PUC grant an annual renewable license to his client as a form of easement to recognize the existence of their garage. He said it would help the Brazils sell or refinance their property.

Mr. Moran pointed out that Mr. and Mrs. Brazil's case was an encroachment permit and the item before the Commission was intended for right-of-way access. He suggested deferring action on the Brazil's request for the next Commission meeting to allow staff time to review the matter further.

Mr. Moran explained that the proposed resolution directs staff to develop a managed access program for the right of way and directs staff to come back to the Commission with a proposal that would provide Mr. and Mrs. Larry Knight limited access to their property while that program is being developed. Staff will come back at the next meeting with a specific proposal for the Knight's.

Motion made by Commissioner Normandy, seconded by Commissioner Werbe, to adopt Item 12; carried (3-0) by unanimous vote:

Resolution No. 96-0091: Authorizing the development of a managed access program for PUC's Right of Way, a specific plan for interim management of the Quartz Avenue Right of Way property in Redwood City, and the development of a fee structure for Right of Way access permits and short term permits.

15. Approving Contract Modification No. 1A and Contract Modification No. 2A to the contract with A. Ruiz Construction Co., & Associates, Inc., Hetch Hetchy Water and Power Contract HH-837.

Motion made by Commissioner Werbe, seconded by Commissioner Normandy to adopt Item 15; carried (3-0) by unanimous vote:

Resolution No. 96-0094: Approving Contract Modification No. 1A and Contract Modification No. 2A to the contract with A. Ruiz Construction Co., & Associates, Inc., Hetch Hetchy Water and Power Contract HH-837, Moccasin Penstock Anchor Repair, in the amount of \$213,134.00 and \$100,930.91 respectively; approving a fund transfer of \$314,065.00 from "Tunnel and Pipeline to Alameda-Repairs" Project to

"Moccasin Penstock Anchor Repair" Project; and requesting the Mayor to recommend to the Board of Supervisors a request for supplemental appropriation of \$100,930.91 to fund Contract Modification No. 2A.

25. Authorizing an agreement with Carollo Engineers/AGS, Inc. to provide professional engineering services.

Motion made by Commissioner Werbe, seconded by Commissioner Normandy to adopt Item 25; carried (3-0) by unanimous vote:

Resolution No. 96-0102: Authorizing the General Manager of Public Utilities to negotiate and execute an agreement with Carollo Engineers/AGS, Inc., a joint venture, to provide professional engineering services to identify and prioritize improvements needed at the Sunol Valley Water Treatment Plant, for a contract amount not to exceed \$150,000 for a term of four months.

23. Authorizing the General Manager of Public Utilities to execute a lease with Bay Area Cellular Telephone Company.

Motion made by Commissioner Normandy, seconded by Commissioner Werbe to adopt Item 23; carried (3-0) by unanimous vote:

Resolution No. 96-0100: Authorizing the General Manager of Public Utilities to execute a lease with Bay Area Cellular Telephone Company, for approximately 360 square feet of building space as well as access to the site and common areas via an access roadway on a portion of Parcel 65 of Sunol and San Antonio Lands in Alameda County, for use as communication site for cellular telephone operational uses for a term of ten years commencing on May 1, 1996 and terminating April 30, 2006 at a rental rate of \$1,500.00 per month.

24. Authorizing the General Manager of Public Utilities to execute a lease with GTE Mobilnet of California Limited Partnership.

Motion made by Commissioner Normandy, seconded by Commissioner Werbe to adopt Item 24; carried (3-0) by unanimous vote:

Resolution No. 96-0101: Authorizing the General Manager of Public Utilities to execute a lease with GTE Mobilnet of California Limited Partnership, for approximately 360 square feet of building space as well as access to the site and common areas via an access roadway on a portion of Parcel 65 of Sunol and San Antonio Lands in Alameda County, for use as communication site for cellular telephone operational uses for a term of ten years commencing on May 1, 1996 and terminating April 30, 2006 at a rental rate of \$1,500.00 per month.

20. Informational item regarding office space requirements.

Steven Carmichael, Director, Bureau of Finance, requested direction from the Commission on how to proceed with the office space requirements of staff at the Water Department, the Bureau of Finance and the Bureau of Management Information Systems (BMIS). Staff of the Water Department and the Bureau of Finance are currently housed at 425 Mason Street and BMIS at 414 Mason Street. Mr. Carmichael suggested that with the Municipal Railway vacating its offices at 1155 Market Street, PUC could lease that space and move the staff at 425 Mason and 414 Mason Streets into the vacated space. Mr. Moran said that this action would consolidate all PUC staff in one location, reduce office space costs and eventually could lead to the sale of the 425 Mason Street building. Mr. Carmichael stated that if we enter into a long term lease for 1155 Market Street we could obtain tenant improvements as well. The Commission expressed approval of the direction staff was taking to move staff from Mason Street to Market Street.

Commissioner Werbe directed staff to confer with him and Commissioner Makras before negotiating the lease with the landlord of the building.

No action was taken as Item 10 was an informational item only.

11. To consider adopting the Sunol Valley Management Plan.

Staff proposed the following direction for managing the water resources in the Sunol Valley: **North of Freeway I-680**, mine for gravel extraction as described in **Alternative E** and restore and manage the area as described in **Alternative F**, including landscape and recreation plans that provide for the restoration of the Sunol Water Temple, its historic entry, and public use of the temple area which are to be jointly approved by the General Manager of the Public Utilities Commission and Alameda County, and then restored at the completion of mining. **South of Freeway I-680**, mine for gravel extraction and manage as described in Alternative F.

Mr. Moran suggested an amendment to include two identified alternatives for south of the freeway, one is essentially according to existing permit alignment and the second presumes modification to those permits. Ed Stewart, Manager, Watershed Management Division, suggested that the option should specify mining to a depth of 200 feet within currently permitted areas.

Robert Frillman requested the Commissioners not to approve the modified plan for Alternatives E and F. He said there are other alternatives where the City & County of San Francisco can maximize its revenues like expanded quarrying south of the freeway. The existing Permit SMP 29 that Mission Valley Rock has north of the freeway would allow them to mine the aggregate that they expect to mine there and leave the area around the Sunol Temple in its current state.

Motion made by Commissioner Werbe, seconded by Commissioner Normandy to adopt Item 11 as amended; carried (3-0) by unanimous vote:

Resolution No. 96-0090: Adopting the following general direction for managing the resources in the Sunol Valley: **North of Freeway I-680**, mine for gravel extraction as described in Alternative E and restore and manage the area as described in Alternative F, including landscape and recreation plans that provide for the restoration of the Sunol Water Temple, its historic entry, and public use of the temple area which are to be jointly approved by the General Manager of the Public Utilities Commission and Alameda County, and then restored at the completion of mining. **South of Freeway I-680** two options are hereby identified: Option 1 is to mine for gravel extraction and restore and manage the area as described in Alternative F; Option 2 is to mine for gravel extraction within the currently permitted areas to a depth of 200 feet and restore and manage the area as described in Alternative F; authorizing the General Manager of the Public Utilities Commission to incorporate the above modified version of Alternative F into the Watershed Planning Project, consistent with the original elements of

the Preferred Alternative of the Comprehensive Watershed Management Policy and Plans, and proceed with the preparation of draft watershed management plans and environmental review according to the California Environmental Quality Act.

CLOSED SESSION

27. Public Comments on matters to be discussed in Closed Session.

There were none.

The Public Utilities Commission met in Closed Session from 2:05 p.m. to 2:20 p.m. at which time Commissioner Werbe was excused and the Commission lost its quorum.

28. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County.

No action was taken.

29. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Martin & Topolos v. SFWD, et.al.,
Superior Court No. 965-597.

Item 29 was not discussed.

30. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chevron v. CCSF, and CCSF v. Standard, et.al. (Chevron).

No action was taken.

31. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff
Regarding Terri Rasmussen dba Skyline Stables.

Item 31 was not discussed.

32. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff
Regarding San Joaquin Tributaries Association vs. State
Water Resources Control Board.

Motion made by Commissioner Werbe, seconded by Commissioner Normandy to authorize signing of Letter of Intent; carried (3-0) by unanimous vote:

Resolution No. 96-0104: Directing the General Manager of Public Utilities to endorse the Letter of Intent regarding the proposed program to implement the San Joaquin provisions in the Bay-Delta Accord and participate with other signatories to the Letter of Intent and other stakeholders to achieve an Implementation Agreement which will implement the Accord in a manner which will provide protection for the Delta, meet the water supply needs of San Joaquin basin water users and protect San Francisco's water rights.

33. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant
Claimant: Norman Hoo/United Auto Repair

Motion made by Commissioner Werbe, seconded by Commissioner Normandy to approve a settlement for Item 33; carried (3-0) by unanimous vote:

Resolution No. 96-0105: Approving settlement of claim in the case of Norman Hoo/United Auto Repair.

34. Announcement following Closed Session.

The announcement was postponed until the next meeting due to lack of a quorum.

35. Motion regarding whether to disclose the discussions during Closed Session.

No action was taken due to lack of a quorum.

Thereupon, the meeting was adjourned: 3:40 p.m.

Romaine A. Boldridge
Secretary

EF
P82
#3
5/27/96

MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

May 28, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

COMMISSIONERS

Marion E. Otsea, President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

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DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Commercial Land Management

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. CALL TO ORDER: 1:06 p.m.
2. ROLL CALL: Present - President Marion E. Otsea, Commissioner E. Dennis Normandy, Commissioner Victor G. Makras

Excused - Commissioner Robert K. Werbe

3. APPROVAL OF MINUTES

On motion by Commissioner Normandy, seconded by Commissioner Makras, the Minutes of the Regular Meeting of May 14, 1996 were approved (3-0) by unanimous vote.

4. COMMUNICATIONS

Announcement of Closed Session

Romaine Boldridge, Commission Secretary, announced that the Commission met in Closed Session on May 14, 1996 from 2:05 p.m. to 2:20 p.m.. The Commission approved a settlement for Item 33, Norman Hoo/United Auto Repair. On Item 32, regarding the San Joaquin Tributaries Association vs. State Water Resources Control Board, the Commission directed the General Manager of Public Utilities to endorse a Letter of Intent regarding the proposed program to implement the San Joaquin provisions in the Bay-Delta accord. No action was taken on any of the other items on the Closed Session agenda.

Moved by Commissioner Normandy, seconded by President Otsea, not to disclose the discussion during the Closed Session; carried (3-0) by unanimous vote. Commissioner Makras was not present at the meeting on May 14th.

5. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS

There was none.

6. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS

Commissioner Normandy suggested scheduling a discussion of the reports routinely submitted by staff and setting criteria regarding the type of information that should be provided to the Commission. This will be scheduled for the next Commission meeting.

7. REPORT OF THE GENERAL MANAGER

Anson B. Moran, General Manager of Public Utilities, reported on the conference he attended in Chattanooga, Tennessee regarding sustainability of water supply on local, national and international levels. Mr. Moran expressed appreciation to Lawrence T. Klein, who served as Acting General Manager during his absence.

8. PUBLIC COMMENTS

There were none.

President Otsea called the agenda out of order to discuss Item 23(b) on the Closed Session agenda.

23.b. Public Employee Appointment - Pursuant to Government Code Section 54957:

Position: Manager, Utilities Engineering Bureau

Romaine A. Boldridge, Commission Secretary, invited public comments regarding Item 23(b). There were no comments from the public.

The meeting was recessed and the Commission went into closed session at 1:16 p.m. At 1:25 p.m. the meeting was resumed into open session. Ms. Boldridge announced that the Commission met in Closed Session from 1:19 p.m. to 1:25 p.m. and took the following action:

Moved by Commissioner Normandy, seconded by Commissioner Makras to appoint Robert T. Cockburn; carried (3-0) by unanimous vote.

Resolution No. 96-0117: Approving the appointment of Robert T. Cockburn, as Manager, Utilities Engineering Bureau.

Moved by Commissioner Normandy, seconded by Commissioner Makras not to disclose the discussion during the Closed Session; carried (3-0) by unanimous vote.

Mr. Moran thanked Mr. Everett Hintze for serving as Acting Manager of the Utilities Engineering Bureau.

The meeting resumed to the regular order of business.

9. Public Hearing - To consider a proposal for adopting a revised schedule of rates to be charged by the San Francisco Water Department for water service to **retail customers in and outside San Francisco.**
10. Public Hearing - To consider a proposal for adopting a revised schedule of rates to be charged by the San Francisco Water Department for water service to **Suburban Wholesale customers.**

William H. Laws, Rate Administrator, presented an addendum to the Revenue/Rate Requirement Report Analysis. He stated that staff analyzed the impact of deferring the groundwater program from fiscal year 1996-97 to a subsequent fiscal year. It reduced the direct cost by \$1 million and indirect cost by \$1.8 million. The deferral of the program would reduce the proposed rate adjustment from 9.6% to 7.6% for retail water service in San Francisco. The project overpayment to suburban resale customers would also be reduced from 1.9% to 1.6%. No adjustment in suburban resale rates would be required.

Commissioner Makras commented that he believed that there were areas in the budget that could still be reduced to avoid a rate increase. He said he was still opposed to the rate hike but he would vote for it to not hold up the budget process.

Moved by President Otsea, seconded by Commissioner Normandy, to adopt Item 9 and 10; carried (3-0) by unanimous vote:

Resolution No. 96-0106: Adopting a Revised Schedule of Rates and Charges to be charged by the San Francisco Water Department for retail water service in San Francisco and suburban areas effective with meter readings made on or after July 1, 1996.

Resolution No. 96-0107: Ratifying a determination that the calculated rate adjustment for suburban resale water service being less than 2%, no adjustment in the rate for suburban resale water customers is required; and confirming that the current schedule of rates and charges for water service supplied by the San Francisco Water Department to its suburban resale customers will remain in effect.

The agenda was taken out of order to take up Item 11 at the scheduled 2:00 P.M. Special Order of Business.

12. Recommending the sale of a trail easement to the County of San Mateo.

Michael Murphy, Deputy County Counsel of San Mateo, representing Paul Konig, Director of Environmental Management and Patrick Sanchez, Director of Parks & Recreation, commented in support of the easement document.

Commissioner Makras asked how the easement document would protect the City of San Francisco and the watershed. Joshua D. Milstein, Deputy City Attorney, stated that the document contained a provision that if San Mateo does not comply with its obligation under the easement, the City could take them to court.

Moved by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 12; carried (3-0) by unanimous vote:

Resolution No. 96-0109: Recommending the sale of a trail easement across portions of land under the jurisdiction of the Water Department located in the San Francisco Peninsula watershed to the County of San Mateo.

President Otsea removed Items numbered 13, 14, 15 from the Regular Calendar for consideration as Consent Calendar items.

Motion made by Commissioner Makras, seconded by Commissioner Normandy to adopt Items numbered 13, 14, and 15; carried (3-0) by unanimous vote:

13. Resolution No. 96-0100: Authorizing bid call for Hetch Hetchy Water & Power Contract No. HH-841, Hetch Hetchy Monitoring Improvements-West, expanding Hetch Hetchy's SCADA system to include additional security and water quality monitoring points.
14. Resolution No. 96-0111: Authorizing the Manager of the Utilities Engineering Bureau to negotiate and execute Amendment No. 5 to the Professional Services Agreement with Dames and Moore, for engineering services required for the Priest Reservoir Bypass Project, increasing the contract amount by \$100,000, and extending the duration of the contract through December 31, 1998.

15. Resolution No. 96-0112: Accepting the work performed under San Francisco Water Department Contract No. WD-2149, 8-Inch Ductile Iron Main Installation in Larkin Street between Pine Street and Pacific Avenue and in Washington Street between Larkin and Gough Streets, as satisfactorily completed; approving debit Contract Modification No. 1 in the amount of \$3,070.00; extending the contract time by 29 calendar days; and authorizing final payment in the amount of \$25,649.00 to the contractor, E. Mitchell, Inc.

16. Combining the Bay Division Pipeline #1 and #2 Walkway Replacement Project with Bay Division Pipeline #1 and #2 Timber Trestle Repair Project.

Moved by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 16; carried (3-0) by unanimous vote:

Resolution No. 96-0113: Combining the Bay Division Pipeline #1 and #2 Walkway Replacement Project with Bay Division Pipeline #1 and #2 Timber Trestle Repair Project; and authorizing bid call for San Francisco Water Department Contract WD-2207, Bay Division Pipeline #1 and #2 Timber Trestle Repair.

18. Authorizing issuance of request for proposals for "as-needed" professional environmental engineering consultant services.

Steve Ritchie, Manager, Bureau of System Planning & Regulatory Compliance, stated that the contract being proposed in Item 17 and 18 addressed the concerns of the Commission regarding the contracting procedure for "as-needed contracts", e.g., use of same contractors for follow-on work, administrative costs of pass through work and contracting with the same individuals in most of our contracts. He said that the Commission directed staff to put a cap on the amount of "as-needed" contracts to encourage minority contractors to bid. To address these issues, Mr. Ritchie stated that the contract proposed to retain two contractors for each type of "as-needed" work and to work with subcontractors directly to reduce administrative costs charged by prime contractors.

Commissioner Makras suggested retaining more than two contractors as proposed by staff in order to provide minority contractors a chance to bid and gain experience in working as prime contractors for the City. He suggested amending the resolution

to indicate that several contractors will be selected and leave the contract capped at \$800,000 per contract. After proposals are received, staff would return to the Commission with a recommendation on consultant selection at which time the Commission would decide on limiting the number of contractors.

Moved by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 18; carried (3-0) by unanimous vote as amended:

Resolution No. 96-0115: Authorizing the Manager of the Bureau of Systems Planning and Regulatory Compliance to advertise and request proposals from professional environmental engineering consultants to provide "as-needed" services for a period of two years, with a total spending authority of \$3.2 million.

17. Authorizing issuance of request for proposals for "as-needed" professional engineering services.

The resolution for Item 17 should be amended to conform with Item 18 above.

Moved by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 17; carried (3-0) by unanimous vote as amended:

Resolution No. 96-0114: Authorizing the Utilities Engineering Bureau to request proposals, interview, select and recommend qualified consulting engineering firms for several separate contracts to provide specialized engineering services for a period of 24 months with a total spending authority of \$3.2 million.

11. Authorizing negotiation of a personal services agreement to conduct a preliminary study of municipalizing the electric distribution system.

Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power, reported that staff received three proposals to conduct the municipalization study. They were from J. W. Wilson Associates, Environmental and Technical Analysis Group (ETAG), and Alliance Strategies, Inc. (ASI). The Technical Review Committee, formed to review the proposals, met and evaluated each proposal. The proposers were ranked based on capability of proposers (50 points), understanding of the project (35 points), and project management (15 points). The bidders gave a presentation to the Committee on May 6, 1996 where the Committee evaluated the bidders strengths and weaknesses and then individually produced the scores. Bayard Fong, Human Rights Compliance Officer for the City and County of San Francisco, a non voting member of the Committee and Shirley Hoaglin, a staff member of Hetch Hetchy Water & Power reviewed the scores. The bidders' scores

were tallied and resulted in the top bidder being J. W. Wilson & Associates, second was ETAG and 3rd was Alliance Strategies. The Committee recommended awarding the contract to the top rated bidder and authorizing negotiations with the top bidder and the 2nd and 3rd bidder in case negotiations with the top bidder were not successful.

Mr. Klein stated that the Technical Review Committee reviewed the studies prepared by J. W. Wilson & Associates for the City of Gilbert and the City of Page in Arizona. ETAG has not completed a study that has led to municipalization but was currently working for the City of Chicago on an investment research study.

The following is a summary of the interview of the bidders:

J. W. Wilson & Associates

Mr. John Wilson of J. W. Wilson & Associates stated that their company had never worked for Pacific Gas & Electric but have worked with other municipal utilities in California such as the City of Anaheim, City of Riverside and SMUD. They have never been employed by a municipal utility other than as a consultant. His firm was retained by the American Public Power Association as a consultant and not as a lobbyist. He has appeared as an expert witness in rate cases, municipalization condemnation proceedings and testified in five or six municipalization cases in his 20 years of experience. Of these six cases, none of these studies were for California nor for any city with a population of more than 500,000. His firm was not directly involved in the California Public Utilities Commission (CPUC) restructuring of the California electric industry. J. Wilson owns one share of PG&E stock as a means to gather information from PG&E.

Mr. Wilson stated that LKJ Associates, a San Francisco firm would be working with them on this project as subcontractor but his firm can do the entire project. J.W. Wilson does not have offices in San Francisco but LKJ Associates, has a 2- or 3-person operation in the City. Mr. Wilson stated that he would be personally involved in policy issues and evaluation analysis and LKJ Associates would be handling the weekly contact with Hetch Hetchy staff. \$25,000 of the contract would be performed by LKJ and \$125,000 by J. W. Wilson.

Mr. Klein stated that J. W. Wilson proposed to commit 17% local participation, ETAG - 69%, and Alliance - 35% for this project.

Mr. Wilson stated that their firm had used income approach methodology in their property valuations as this type of methodology brings the greatest economic merit and it is more appropriate in valuing a business enterprise.

Economic and Technical Analysis Group (ETAG)

Ron Knecht, President of Economic and Technical Analysis Group (ETAG), stated that they have submitted in their proposal the in progress study for Chicago. The principals in their group did studies for the City of Sacramento and Memphis. For the City of Sacramento they conducted a demunicipalization study of whether SMUD should stay in the municipal electric business. They were retained to study strategic resource options for the City of Memphis.

ETAG does not own any PG&E stock. Some of their employees have occasionally work as consultants for PG&E in the last 10 years. ETAG had worked for investor owned utilities, municipal and state agencies, public power agencies, regulatory commissions, private power producers, consumer and environmental groups, the federal government, and bankruptcy court. Two of the principals of ETAG were involved extensively and testified in the California restructuring proceedings before CPUC. Three of the partners including Mr. Knecht had involvements in other proceedings where they required familiarity with the details of the restructuring proceeding.

Mr. Knecht stated that their firm has not taken a strong position what the correct valuation approach is but they have been asked to prepare all valuation methods at various times. He said they had done work in valuation, municipalization, strategic studies for Chicago, Cleveland, Sacramento, Memphis, and for PG&E concerning valuation of distribution system areas. He said that for the City's project they would be looking at all valuation methods - comparable sales, reproduction, and income methods.

ETAG is based in San Francisco and proposed 69% local participation. Their major subcontractor, Cervatos & Associates is also based in San Francisco and would perform 20% of the study.

Alliance Strategies, Inc. (ASI)

Mr. Tim Watson stated that they have an employee who was a 20-year employee of PG&E, who was terminated from PG&E and owns shares of stocks in PG&E. He said this person had signed an affidavit that if ASI gets involved with this project, he would be willing to divest those securities.

Mr. Watson stated that they have done feasibility studies in California including reviewing feasibility studies conducted in California. They have not done any study for cities with more than 200,000 in population. They have no employee who had served on the board of any municipal or public power agency except one employee who had worked for Tuolumne County. He said he had testified 150 times in rate settings, water, steam heat, and electricity in seven states before the Federal Energy Regulatory Commission. He had testified in acquisitions, mergers, litigation matters and property valuations in the western part of the US. They made a

presentation to the CPUC on an advisory role working for the City of Pittsburgh about electric restructuring proceedings. For the last seven years Mr. Watson stated that he had been an independent consultant and 90% of his work had been for smaller enterprises, cities and cooperatives and 10% had been in litigation matters for investor owned companies.

Mr. Watson said that a subcontractor in San Francisco would provide 35% of the work but Alliance will do the remaining work. They have two or more people in San Francisco but the rest of the staff is in Oregon.

Regarding valuation methodology, Mr. Watson said he preferred to look at the value that the investor has in the property taking into account other nuances would have to do with severance, how well it would protect the municipality from other systems and public interest.

Commissioner Normandy objected to authorizing staff to negotiate with the second and third bidders if negotiations with the number one bidder are not successful.

Commissioner Normandy moved to close the public hearing, Commissioner Makras seconded. The public hearing was closed.

Commissioner Makras pointed out that in a takeover we need to figure out what the property is worth. He said we needed a balanced and objective study for this project to assist us in making decisions. He said he supported the award of the contract to ETAG because they have worked on several larger projects in Chicago, Sacramento, and Cleveland. ETAG had the best mix of clientele and they had worked on all ends of the issue. He considered it a very important factor. ETAG demonstrated the best understanding of equalizing the approaches of assessing the value. He liked ETAG's approach to the project of looking at all methodologies and court rulings. He said to get the most objective report you weigh all factors equally and justify the approach you are leaning for and your ultimate recommendation. Commissioner Makras stated that he respected Alliance's intention that they would be willing to divest their stocks if selected for the project.

Commissioner Normandy stated that he favored awarding the contract to ETAG because their is going to be a firestorm as to the valuation processes and the more objectivity without preconceived or predispositions to any philosophies the better served the City will be. Other criterion were based on ETAG's track record and accessibility to the local community. He concurred with Commissioner Makras that the key point to the process is objectivity.

President Otsea stated that she favored awarding the contract to ETAG for the reasons articulated by Commissioner Normandy and Commissioner Makras. She said she also considered Mr. Knetch's prior involvement with the CPUC and the fact that ETAG and its principals are based in San Francisco.

Commissioner Makras suggested amending the resolution to award the contract to ETAG as an exclusive negotiation and eliminate the language that suggests that if the negotiation is not successful with the first bidder to go to the second bidder and third bidder.

President Otsea pointed out that the Commission's decision to award the contract to ETAG does not reflect on the work done by the Technical Review Committee.

Moved by Commissioner Makras, seconded by Commissioner Normandy, to adopt Item 11; carried (3-0) by unanimous vote as amended:

Resolution No. 96-0108: Authorizing the General Manager of Public Utilities to negotiate a personal services agreement with Economic & Technical Analysis Group (ETAG) and Cerbatos & Associates - Joint Venture to assist Hetch Hetchy in conducting a municipalization feasibility study for an amount not to exceed \$150,000, including a condition that they will be precluded from competing for any follow-on work.

CLOSED SESSION

19. Public Comments on matters to be discussed in Closed Session.

There were none.

The Public Utilities Commission met in Closed Session from 3:35 p.m. to 5:10 p.m. to discuss the following matters:

20. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water
Department property on Bernal Avenue in Alameda
County.

No action was taken.

21. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chevron v. CCSF, and CCSF v. Standard, et.al. (Chevron).

No action was taken.

22. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff
Regarding Terri Rasmussen dba Skyline Stables.

No action was taken.

23. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant

Regarding Charles J. Keenan, III and John B. Lovewell v. City and County of San Francisco.

No action was taken.

- 23.a. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a): (Zoglin/Donlin)

Existing Litigation: Martin & Topolos v. SFWD, et.al.,
Superior Court No. 965-597.

Moved by Commissioner Makras, seconded by Commissioner Normandy, to approve a settlement for Item 23.a.; carried (3-0) by unanimous vote:

Resolution No. 96-0116: Approving a settlement in the case of Kent Martin and Jerry Topolos, Co-Conservators for the Person and Estate of Maryann Topolos v. City and County of San Francisco, San Francisco Superior Court Action No. 965-597.

24. Announcement following Closed Session.

Romaine A. Boldridge announced the actions taken during the Closed Session.

25. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Normandy, seconded by Commissioner Makras not to disclose the discussion during the Closed Session; carried (3-0) by unanimous vote.

Thereupon, the meeting was adjourned: 5:16 P.M.

Romaine A. Boldridge
Secretary

MINUTES

PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

June 11, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

DOCUMENTS DEPT.

COMMISSIONERS

Marion E. Otsea, President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

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Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. CALL TO ORDER: 1:05 p.m.
2. ROLL CALL: Present - President Marion E. Otsea, Commissioner E. Dennis Normandy, Commissioner Robert K. Werbe, Commissioner Victor G. Makras
3. APPROVAL OF MINUTES
There were no minutes submitted.
4. COMMUNICATIONS
No action was taken.
5. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS
There were no old business introduced by Commissioners.
6. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS
Commissioner Makras suggested calendaring an agenda item regarding the main replacement program and how it affects developments in the area.
7. REPORT OF THE GENERAL MANAGER
 - Rate Initiative
Anson B. Moran, General Manager, reported that there is a ballot proposal to roll back water rates to 1991 levels. The City Attorney's Office is currently reviewing the matter.

- Organizational Issues

Mr. Moran reported that he received a letter from the Mayor regarding the transfer of the Clean Water Program from the Department of Public Works to the Public Utilities Commission. The Mayor appointed a Task Force to explore the transition composing of Mr. Moran, Mark Primeau, Director of Public Works, Emilio Cruz, Mayor's Chief of Staff and Supervisor Leslie Katz. The task force is scheduled to meet June 13, 1996 to set up objectives and schedules. Mr. Moran stated that there would be a lot of functions in both the Public Utilities and the Clean Water Program that need to be sorted out.

8. Public Comments

There were none.

REGULAR CALENDAR

9. Discussion of New Charter as it pertains to the powers and duties of the Public Utilities Commission.

Mr. Moran discussed the changes in the new Charter affecting PUC. He said that a significant change in the new Charter was that it gives more accountability to departments and more authority to the Mayor and the Board of Supervisors in running the departments.

The new charter requires the departments to file an annual report and submit an annual statement of purpose to the Board of Supervisors for their review and approval. The new Charter also requires that the PUC establish goals and objectives consistent with the directions and policies established by the Board of Supervisors.

Regarding the appointment of department heads, the Commission has the authority to recommend a candidate to the Mayor who will then make the final selection. The Commission has the authority to terminate the department head. The Mayor has the right to ask the Commission to terminate a department head but the Commission would have the ultimate decision.

Mr. Moran stated that the new Charter allows changes in the structure and functions of the organization through an ordinance passed by the Board of Supervisors without having to go to an election process.

No action was taken by the Commission on Item 9.

10. Discussion of periodic reports to the Commission.

Mr. Moran submitted a compilation of reports which were periodically submitted to the Commission. The Commission was asked to comment on the type of information they would like to receive and how often staff should submit those reports.

Commissioner Makras stated that the reports should be analyzed to determine which ones are absolutely necessary. He suggested that those reports related to the budget should be submitted at particular key times and the other reports should be submitted in staggered fashion throughout the year. He said that he would like to see a monthly report on the budget showing how much money was expended and the number of people hired. He suggested preparing a report indicating what our goals are, how well we exceeded those goals, for instance, compliance with MBE/WBE, status of contracts. These reports would give direction to the General Manager to act as a "check and balance" and from which policies can be formulated.

Commissioner Normandy commented that he would like to set goals and objectives first with periodic updates so that at the end of the year staff could prepare a report on the department's accomplishments based on these goals and objectives. He stated that he wanted to see a report periodically to see whether PUC is on the right track relative to its objectives and what needs to be done. He noted that the Commission should agree on whether the Commission should be an oversight body and not look at all the details. Commissioner Normandy suggested that the Commissioners give their wish list to staff and schedule a discussion of the matter at a meeting where goals and objectives will be discussed.

Commissioner Werbe concurred with Commissioner Makras' suggestion of a status report about consulting contracts indicating how much was spent and an explanation of the expenditure.

President Otsea concurred with spacing the frequency of submission of the reports. She mentioned the need to standardize the reports submitted by departments regarding vehicle use. Commissioner Normandy suggested including valuation of the vehicles.

No action was taken by the Commission.

Commissioner Werbe was excused at 2:15 p.m.

The meeting was recessed from 2:26 p.m. to 2:30 p.m.

11. Approving the fifth amendment to the agreement with MHB Consultants.

Moved by Commissioner Makras, seconded by Commissioner Normandy to adopt Item 11; carried (3-0) by unanimous vote.

Resolution No. 96-0118: Authorizing the General Manager of Public Utilities to execute the fifth amendment to the agreement with MHB Consultants, formerly McLeod & Associates increasing contract funding by \$21,000 for a total contract amount not to exceed \$362,000; and extending the contract term to June 30, 1997.

12. Approving the second amendment to the agreement with Henwood Energy Services, Inc. (HESI).

Commissioner Makras expressed concerns about renewing the contract with Henwood Energy Services when we can break up the project into a number of Request For Proposals (RFP) and award them to more than one consultant. He said he would like to give opportunities to other contractors to bid as prime contractors. He also raised concerns that the negotiation process of acquiring street lights owned and operated by PG&E had taken a long time.

Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power responded that the contract was for continuing work. Mr. Moran noted that the contract was established for "as-needed" services and there was no particular expectation as to how much work would be done and what particular task would be completed within the five years time. He said it was intended to establish a relationship with technically competent people who had been familiar with the organization.

Commissioner Makras suggested approving \$100,000 of the proposed contract amount and directing staff to come back to the Commission for approval of the balance when those issues raised were resolved.

Moved by Commissioner Makras, seconded by Commissioner Normandy to adopt Item 12 as amended; carried (3-0) by unanimous vote.

Resolution No. 96-0119: Authorizing the General Manager of Public Utilities to execute the second amendment to the agreement with Henwood Energy Services, Inc. (HESI), increasing contract funding by \$100,000, for a total contract amount not to exceed \$600,000.

13. Approving the fourth amendment to the agreement with Metzger, Hollis, Gordon & Alprin.

Moved by Commissioner Normandy, seconded by Commissioner Makras to adopt Item 13; carried (3-0) by unanimous vote.

Resolution No. 96-0120: Authorizing the General Manager of Public Utilities to execute the fourth amendment to the agreement with Metzger, Hollis, Gordon & Alprin (formerly Metzger, Hollis, Gordon & Mortimer), increasing contract funding by \$300,000 for a total contract amount not to exceed \$2,309,000 and extending the contract term to June 30, 1997.

14. Approving the schedule of fees to be charged for certain uses of watershed lands, rights-of-way and other real properties of the Water Department.

Item 14 was removed from the calendar.

15. Requesting transfer of funds to fund the services of the City Attorney.

Moved by Commissioner Makras, seconded by Commissioner Normandy to adopt Item 15; carried (3-0) by unanimous vote.

Resolution No. 96-0121: Requesting the Controller to transfer \$827,912 from Hetch Hetchy and Water Department's operating budgets to PUC General Manager to fund the services of the City Attorney.

CLOSED SESSION

16. Public Comments on matters to be discussed in Closed Session.

The following individuals commented regarding Item No. 19.a.

Joel Ventresca, San Franciscans for Public Power, urged the Commission to hold a public hearing on the protest appeal by J. W. Wilson and reconsider the Commission's decision of awarding the contract for the municipalization pre-feasibility study.

Chris Torrance, a reporter from the Bay Guardian, protested speaking for the Bay Guardian and the public about the matter being discussed in a closed session. He stated that the issue is of public importance and should be discussed in public.

The Public Utilities Commission met in closed session from 3:30 P.M. to 5:10 P.M. to discuss the following matters:

17. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water
Department property on Bernal Avenue in Alameda
County.

No action was taken.

18. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chevron v. CCSF, and CCSF v. Standard, et.al.
(Chevron).

No action was taken.

19. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Bay Area Water Users Association v. CCSF
JAMS No. 950511074

No action was taken.

- 19.(a) Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant
Regarding the Municipalization Feasibility Study.

No action was taken.

20. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken during the Closed Session.

21. Motion regarding whether to disclose the discussions during Closed Session.

Commissioner Normandy moved, seconded by Commissioner Makras not to disclose the discussion during the closed session.

Thereupon, the meeting was adjourned: 5:11 P.M.

Romaine A. Boldridge
Secretary

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Special

MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

*** SPECIAL MEETING**

June 18, 1996
1:00 P.M.
Room 402
1155 Market Street, Fourth Floor

COMMISSIONERS

Marion E. Otsea, President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

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DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Commercial Land Management

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:10 p.m.
2. Roll Call: Present - President Marion E. Otsea, Commissioner E. Dennis Normandy, Commissioner Robert K. Werbe, Commissioner Victor G. Makras
3. Public Hearing - To consider findings of fact and judgment relating to the transfer of funds from Hetch Hetchy Water & Power to the General Fund.

Anson B. Moran, General Manager of Public Utilities, stated that the item before the Commission was to authorize the transfer of \$30,165,393 from Hetch Hetchy to the general fund. He described the process required by the Charter in which the General Manager submits a report to the Commission making a recommendation and gives the Commission the supporting information necessary to make findings required to authorize the transfer of funds. The Commission's action would need to be affirmed by a two-thirds vote of the Board of Supervisors.

Commissioner Otsea questioned the odd amount of the transfer. Steven Carmichael, Assistant General Manager, Finance, replied that the amount is the same amount that was transferred last year. Commissioner Otsea requested that in the future, that the amount be rounded off to an even amount and that staff pursue the elimination of the subsidy to the Municipal Railway.

Mr. Moran expressed his confidence in the department's ability to fund operations and to provide for contingencies.

Commissioner Makras expressed concern about the ability of the Board of Supervisors, especially under the new Charter, to reach into the Hetch Hetchy budget for funds for other purposes. Thomas Berliner, Utilities General Counsel, replied that regarding transferring funds, the Board of Supervisors has no greater power under the new Charter than it had under the old Charter. If the Board of Supervisors wants to act during the creation of the budget, it has broad powers.

There was no public comment.

On motion of Commissioner Werbe, seconded by Commissioner Makras Item 3 was adopted (4-0) by unanimous vote:

Resolution No. 96-0122: Making findings and authorizing an increase to the General Fund contribution by Hetch Hetchy Water and Power to \$30,165,393, thus amending the Hetch Hetchy FY 96/97 budget accordingly; and requesting concurrence by the Board of Supervisors.

Thereupon, the meeting was adjourned: 1:27 p.m.

Romaine A. Boldridge
Secretary

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6/25/96

MINUTES

PUBLIC UTILITIES COMMISSION CITY AND COUNTY OF SAN FRANCISCO

**Willie L. Brown, Jr.
MAYOR**

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REGULAR MEETING

June 25, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

COMMISSIONERS

Marion E. Otsea, President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Commercial Land Management

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

**Anson B. Moran
GENERAL MANAGER**

**Romaine A. Boldridge
SECRETARY**

1. CALL TO ORDER: 1:02 p.m.
2. ROLL CALL: Present - Commissioner E. Dennis Normandy, Commissioner Robert K. Werbe, Commissioner Victor G. Makras
Excused - President Marion E. Otsea
Commissioner Normandy presided.
3. APPROVAL OF MINUTES
On motion by Commissioner Werbe, seconded by Commissioner Makras, the Minutes of the Regular Meeting of May 28, 1996 were approved (3-0) by unanimous vote.
4. COMMUNICATIONS
No action was taken.
5. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS
There was no old business introduced by Commissioners.
6. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS
There was no new business introduced by Commissioners.
7. REPORT OF THE GENERAL MANAGER
There was no report.
8. PUBLIC COMMENTS
There were none.

REGULAR CALENDAR

9. Authorizing reallocation of \$400,000 from Other Current Expenses to Materials and Supplies in the City Distribution Division's Operating Fund.

Moved by Commissioner Werbe, seconded by Commissioner Makras to adopt Item 9; carried (3-0) by unanimous vote:

Resolution No. 96-0123: Authorizing the General Manager of Public Utilities to reallocate \$400,000 from Other Current Expenses to Materials and Supplies in the City Distribution Division's Operating Fund.

10. Approving the schedule of fees to be charged for certain uses of watershed lands, rights-of-way and other real properties of the Water Department.

Moved by Commissioner Werbe, seconded by Commissioner Makras to continue Item 10 to the regular meeting scheduled on July 9, 1996; carried (3-0) by unanimous vote.

11. Report on the status of progress of negotiations among Daly City, the Olympic Club, the San Francisco Golf and Country Club, and the Public Utilities Commission regarding the use of recycled water for golf course irrigation.

Moved by Commissioner Werbe, seconded by Commissioner Makras to continue Item 11 to the regular meeting scheduled on July 9, 1996; carried (3-0) by unanimous vote.

President Normandy removed Items numbered 12 to 19 from the Regular Calendar for consideration as Consent Calendar items.

Motion made by Commissioner Werbe, seconded by Commissioner Makras to adopt Items numbered 12, 13, 14, 15, 16, 17, 18, and 19; carried (3-0) by unanimous vote:

12. Resolution No. 96-0124: Approving the terms and conditions and authorizing the execution of a permit to the State of California, Department of Transportation (Caltrans) for installing a temporary access road and for temporary storage of construction equipment and vehicles in the Permit Area on SFWD lands located in Alameda County; and providing for payment of \$750.00 permit processing fee, \$250.00 inspection cost and \$2,500.00 Use Fee.

13. Resolution No. 96-0125: Approving the terms and conditions and authorizing the execution of that certain Demolition and Removal Agreement by and between the Ohlone Humane Society, City of Fremont and the City and County of San Francisco, as well as a Lease to East Bay Regional Park District, as Lessee, and a sublease to the Ohlone Humane Society for the purpose of operating and maintaining a wildlife rehabilitation center in Newark, Alameda County, commencing June 30, 1996 and expiring June 29, 2001, at a rental of \$600.00 per year.
14. Resolution No. 96-0126: Amending the personal services contract with Bruce Lymburn by increasing the amount from \$200,000 to \$300,000 and extending the term from December 1, 1996 to December 31, 1997.
15. Resolution No. 96-0127: Approving the terms and conditions and authorizing execution of a Lease of approximately 1.17 acres of land in Santa Clara County to Adaptec, Inc., as Lessee, for the purpose of parking vehicles for a term expiring June 30, 2006, at an initial rental of \$2,000.00 per month with annual CPI adjustments.
16. Resolution No. 96-0128: Approving the terms and conditions and authorizing the execution of a permit to William Lettis & Associates, Inc., as permittee, for the purpose of conducting a geological investigation of the Calaveras Fault located on San Antonio Reservoir Watershed Lands in Alameda County, Commencing July 1, 1996 and expiring August 31, 1996, providing for payment of a \$ 750.00 processing fee and reimbursement of staff time.
17. Resolution No. 96-0129: Approving the terms and conditions and authorizing the execution of a permit to Brooks Fiber Communications, as Permittee, for the purpose of installing a fiber optic conduit across and within the Permit Area located in Milpitas, Santa Clara County and providing for payment of a \$1,500.00 processing fee, \$350.00 inspection cost and \$1,200 Annual Use Fee, with CPI adjustments.

18. Resolution No. 96-0130: Approving the terms and conditions and authorizing the execution of a permit to Pacific Gas and Electric Company, as Permittee, for the purpose of installing two separate natural gas underground pipelines within the Permit Area located in Milpitas, Santa Clara County, and providing for payment of a \$1,500.00 processing fee, \$700.00 inspection fee and \$1,920.00 Annual Use Fee, with CPI adjustments.
19. Resolution No. 96-0131: Approving the terms and conditions and authorizing the execution of a permit to William Dubovsky Environmental, as permittee, for the purpose of installing two monitoring wells for monitoring and sampling groundwater and soil contamination in the Permit Area located in Alameda County and providing for payment of a \$750.00 processing fee.
20. Approving plans and specifications for San Francisco Water Department Contract No. WD-2187, 8-Inch Ductile Iron Main Installation in 10th Street between Market and Division Streets, Sheridan Street between 9th and 10th Streets, Boardman Place between Bryant and Brannan Streets; and authorizing advertisement for bids.

Moved by Commissioner Werbe, seconded by Commissioner Makras, to continue Item 20 to the regular meeting scheduled on July 9, 1996; carried (3-0) by unanimous vote.

President Normandy removed Items numbered 21 and 22 from the Regular Calendar for consideration as Consent Calendar items.

Moved by Commissioner Werbe, seconded by Commissioner Makras to adopt Items 21 and 22; carried (3-0) by unanimous vote:

21. Resolution No. 96-0132: Awarding San Francisco Water Department Contract No. WD-2126, 6-Inch Ductile Iron Main Installation in Spruce, Cole, Blake, Collins, and Wood Streets between Anza street and Euclid Avenue to Marinship Construction Services, Inc. in the amount of \$536,175.00.
22. Resolution No. 96-0133: Awarding San Francisco Water Department Contract No. WD-2121, 8-Inch Ductile Iron Main Installation in Bayshore Boulevard - East Side between Industrial Street and Oakdale Avenue in the amount of \$211,100.00 to P & J Utility Co., as the lowest responsive bidder, subject to the approval of the Board of Supervisors for extension of time to award.

CLOSED SESSION

23. Public Comments on matters to be discussed in Closed Session.

The following individuals commented regarding Item 28:

Linda Jenkins, a subcontractor to J. W. Wilson, requested that all information submitted in the oral interviews before the Technical Review Committee should be made available for review by the Commission. She requested that municipalization studies done by ETAG should also be evaluated.

Joel Ventresca, member of the Technical Review Committee and Chair of San Franciscans for Public Power, urged the Commission to reconsider its decision to award the contract to J. W. Wilson. He asked that the Commission consider a contractor that has no connections with Pacific Gas & Electric (PG&E) and has successful experience in conducting municipalization studies.

Chris Torrens from the Bay Guardian commented for the Bay Guardian, reiterating their concerns on the matter being discussed in a closed session when there was not any correspondence from J. W. Wilson threatening litigation. Thomas M. Berliner, Utilities General Counsel, advised that when the Commission receives a protest they should take it as a serious protest and should treat it as potential litigation. The Commission agreed to proceed to discuss the matter in closed session.

Eugene Coyle, economist from TURN, and a member of the Technical Review Committee stated that J. W. Wilson submitted the best proposal and gave the best presentation to the Technical Review Committee. He stated that ETAG did not have a working relationship with TURN. He expressed concerns about impartiality in the consultant selection process.

Robert Lehman, a member of the Technical Review Committee, noted that the scoring done by the Committee was weighted based on the experience of the consultants and not by conflict of interest issues.

The Public Utilities Commission met in Closed Session from 1:37 p.m. to 2:50 p.m. to discuss the following matters:

24. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: Parcel 093-352-030 on Millbrae Avenue in San Mateo County
Parties Negotiating: CCSF: Anthony Delucchi
Purchaser: City of Millbrae
Under Negotiation: Price

No action was taken on Item 24.

25. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chevron v. CCSF, and CCSF v. Standard, et.al. (Chevron).

No action was taken on Item 25.

26. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b) and (c):

Anticipated Litigation

No action was taken on Item 26.

27. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Bay Area Water Users Association v. CCSF
JAMS No. 950511074

Moved by Commissioner Werbe, seconded by Commissioner Makras to approve the second settlement agreement for Item 27; carried (3-0) by unanimous vote:

Resolution No. 96-0134: Approving the second settlement agreement between the City and the Suburban Purchasers; approving the financial adjustment provided in Section II, 11 and approving the water use adjustment provided in Sections II, 12-14 of the second partial agreement; and approving the payment of \$380,000 to the Bay Area Water Users Association in exchange for dismissal of all demands in the pending arbitration proceedings.

28. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant

Regarding the protest received on the Preliminary
Municipalization Feasibility Study.

The Commission adopted the following resolution by common consent.

Resolution No. 96-0135: Maintaining the Commission's position of awarding the preliminary municipalization feasibility study to ETAG and rejecting the J. W. Wilson & Associates protest.

29. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken by the Commission during the Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

Commissioner Werbe moved, seconded by Commissioner Makras not to disclose the discussion during the Closed Session except to read a statement regarding the action taken on Item 28 of the Closed Session agenda.

Commissioner Normandy read the following statement:

"The Commission has carefully reviewed the testimony and material provided by the public and the members of the Technical Review Committee (TRC) including recent testimony in support of the protest. We are grateful for this input.

The Commission maintains its position awarding the contract to ETAG and rejects the J. W. Wilson & Associates, Inc. protest."

Thereupon, the meeting was adjourned: 2:55 P.M.

Romaine A. Boldridge
Secretary

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7/9/96

MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

July 9, 1996
1:00 P.M.
Room 402
1155 Market Street, Fourth Floor

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COMMISSIONERS

Marion E. Otsea, President

E. Dennis Normandy

Robert K. Werbe

Victor G. Makras

DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Commercial Land Management

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. CALL TO ORDER: 1:10 p.m.
2. ROLL CALL: Present - President Marion E. Otsea, Commissioner E. Dennis Normandy, Commissioner Robert K. Werbe
Excused - Commissioner Victor G. Makras

3. APPROVAL OF MINUTES

On motion by Commissioner Normandy, seconded by Commissioner Werbe, the Commission approved the minutes of the Regular Meeting of June 11, 1996 as amended and the Special Meeting of June 18, 1996; carried (3-0) by unanimous vote.

4. COMMUNICATIONS

No action was taken.

5. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS

There was no old business introduced by Commissioners.

6. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS

On motion made by Commissioner Werbe, seconded by Commissioner Normandy, the following resolution was adopted:

Resolution No. 96-0136: Commending the group of students from Worcester Polytechnic Institute for their work concerning water quality assurance.

Commissioner Normandy suggested that staff consider this report in relation to the communications plan being developed.

7. REPORT OF THE GENERAL MANAGER

- Clean Water Program Transition

Anson B. Moran, General Manager of Public Utilities, presented a video tape of the history of the Clean Water Program.

Mr. Moran stated that if the Board of Supervisors approves the transfer, the Clean Water Program would be moved to PUC on August 2, 1996. A transition group is working on the administrative detail of the transfer and have initiated a three-phase process for the transition. The first phase would be to move the enterprise, the money, the operating controls, the Bureau of Pollution Control and the Bureau of Environmental Regulations and Monitoring. The second phase would be to look at those functions, like sewer repair and engineering that could be moved from DPW to PUC and vice versa. This evaluation process is anticipated to be made sometime in the next four to six months. The third phase is moving the administrative functions such as finance and personnel to PUC.

Commissioner Werbe suggested combining those functions that are common between the Department of Public Works and the Public Utilities Commission to avoid possible duplication of functions.

- Budget Update

Mr. Moran reported that the budget passed the Budget Committee and the full Board of Supervisors will start the full budget hearing next week. He said PUC's budget fared well in the Budget Committee except for four positions that were not approved and a slight reduction in materials and supplies and equipment.

- American Water Works Association (AWWA) Reports

Cheryl Davis, Manager, Water Supply & Treatment Division, and Andrew De Graca, Manager of Water Quality Division, reported on their attendance at the American Water Works Association (AWWA) conference held in Toronto. Topics that they discussed were water reliability, microbiology and filtration avoidance. President Otsea, who also attended the conference, commented that Steve Leonard, Andrew De Graca and Karen Kubick from the Clean Water Program gave very good presentations at the conference. She said the conference gave the attendees opportunity to meet and interact with other people in the water industry.

8. Public Comments

The following individuals urged the Commission to consider allowing American Youth Hostels to manage and operate surplus housing facilities in Moccasin:

Mike Siegenthaler, President, Yosemite Gateway Hostel Society
Barbra Wein, Executive Director, Golden Gate Council American Youth Hostels
Dietrick von Godken, Central California Council, American Youth Hostels

Mr. Moran stated that a proposal was prepared by Hetch Hetchy Water and Power and the Water Supply & Treatment Division and would be submitted to the Commission. He suggested that the association's request be considered at the time staff's proposal is presented to the Commission.

REGULAR CALENDAR

9. Public Hearing - Revising the San Francisco Water Department's Rules and Regulations Governing Water Services to Customers.

The public hearing was opened. No one from the public commented.

John Mullane, General Manager, stated that this revision to the Rules and Regulations would enable the department to enforce a separate charge for water for any retail account including local, state and governmental agencies not in compliance with conservation requirements when such charge is authorized through the Commission's rate setting authority.

Moved by Commissioner Normandy, seconded by Commissioner Werbe, to adopt Item 9; carried (3-0) by unanimous vote:

Resolution No. 96-0137: Revising the San Francisco Water Department's Rules and Regulations Governing Water Services to Customers to include a rule requiring all retail accounts, including governmental agencies, to be subject to a separate charge for water resulting from noncompliance with various conservation measures imposed under the rate authority of the Public Utilities Commission.

10. Discussion concerning changes in Water Department policies for the collection of delinquent accounts.

Mr. Mullane discussed the changes in the lien processing procedure for collection of delinquent water and sewer service charges for tenant-occupied commercial accounts and tenant occupied single family accounts. For commercial accounts, the department established a policy that allows a commercial property owner who had been notified of a potential lien action to contact the Water Department and request to shut-off water service to the tenant. Regarding tenant occupied single family accounts, AB 1770 was passed in April 1996 making it illegal to lien this type of property. A lien process is still applicable to owner-occupied single family residence, multi-family units, industrial, commercial and government accounts.

Mr. Mullane mentioned that the Water Department would also look at a policy that addresses customers with documented medical problems who are unable to pay their water charges. He said staff would conduct a survey of major utilities regarding policies that they may have in place for these type of customers. They may also implement the same policy established during the drought where customers submit a doctor's certificate when they need additional water supply.

Mr. Mullane indicated that the shutoff process is much more involved and costly compared with the lien process as it requires more manpower.

Joshua Milstein, Deputy City Attorney, commented that there was a new State law effective on January 1st that preempts the City ordinance that gives priority of tax liens to existing liens. The City Attorney's Office is still reviewing the new law.

No action was taken on Item 10.

11. Authorizing the General Manager of Public Utilities to solicit qualified consulting firms for a contract to support Emergency Planning Services for the San Francisco Public Utilities Commission.

Regarding selecting a contractor, Commissioner Werbe suggested that staff solicit proposals and prices from contractors. The individual or firm who is the most qualified and submitted the lowest bid would get the contract. Mr. Moran responded that the procedure had been to put a price on the project to limit the scope of work. Bayard Fong, Human Rights Compliance Officer, explained that putting an amount on the project ensures that the scope is fully inclusive of what needs to be done. He added that some firms would provide more at a lower price just to get the contract. Some larger firms could also bid lower than the smaller firms. Commissioner Werbe stated that he wanted to know the maximum price at which a consultant can deliver the contract.

President Otsea concurred with Commissioner Werbe's opinion of qualifying the contractors first, having everyone bid, and whoever is most qualified and the lowest bidder would get the contract. Commissioner Werbe added that once we qualify the contractors they should not have to qualify again. Mr. Moran stated that PUC currently applies this procedure on larger projects. Commissioner Werbe suggested establishing a policy that all contractors have to be qualified and the one with the least cost to taxpayers should be selected.

Commissioner Normandy indicated that he was willing to approve the resolution before the Commission with the understanding that staff will come back to the Commission as to which consultant was selected for the project. Mr. Moran stated that he preferred that the Commission put this item over until the issue on the procedure for professional contracts is resolved. He said that staff would prepare a document to address this issue.

12. Authorizing the General Manager of the San Francisco Water Department to enter into a Memorandum of Understanding with Brisbane Recycling Co., Inc.

Moved by Commissioner Normandy, seconded by Commissioner Werbe, to adopt Item 12; carried (3-0) by unanimous vote:

Resolution No. 96-0138: Authorizing the General Manager of the San Francisco Water Department to enter into a Memorandum of Understanding with Brisbane Recycling Co., Inc. to continue to act as depot for the Water Department's Toilet Rebate Program for the payment of \$4.00 per toilet with the total amount not exceeding \$32,000 in FY 1996-97.

13. Approving the schedule of fees to be charged for certain uses of watershed lands, rights-of-way and other real properties of the Water Department.

Item 13 was continued to the meeting of July 23, 1996.

14. Report on the status of progress of negotiations among Daly City, the Olympic Club, the San Francisco Golf and Country Club, and the Public Utilities Commission regarding the use of recycled water for golf course irrigation.

The Commission approved a Memorandum of Understanding on April 9, 1996 that served as the basis for negotiating a recycled water contract between Daly City, the Olympic Club and the San Francisco Golf and Country Club. Steve Ritchie, Manager, Bureau of System Planning and Regulatory Compliance, reported that progress on the negotiation is slow but it is steady and moving forward. Negotiations were expected to begin in June 1996; however, there were some technical issues which needed to be resolved before they can begin the negotiations. The City of Daly City submitted to the golf clubs a preliminary design report on the reclaimed water project in May 1996. The golf clubs identified some technical issues in the report that concerns water quality related to turf management. Both parties are engaged in investigating this issue. The City of Daly City and the golf clubs plan to meet in August to try to resolve the issues at which point they will negotiate the contract for the use of recycled water. Mr. Ritchie stated that staff will report to the Commission by the end of September on the progress of the project and provide an interim report on the resolution of technical issues.

Commissioner Normandy requested that staff address the situation regarding salt water intrusion in their report. Mr. Ritchie commented that salt water intrusion was a significant component of the groundwater master plan and he would address that issue in the report that would be submitted to the Commission.

Robert Maddow, attorney for the golf clubs, commented that the golf clubs were committed to the principles set forth in the Memorandum of Understanding. He said that the design submitted by the City of Daly City was inclined toward delivering the wrong kind of water, the wrong amount, and to the wrong places. He said the proposed plant was smaller than the maximum demand per day of the clubs. He urged the Commission to instruct staff to coordinate with the City of Daly City and the golf clubs to make sure that the recycled water project fits into the broader water resources management plan.

No action was taken on Item 14.

15. Authorizing bid call for San Francisco Water Department Contract No. WD-2187.

Moved by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 15; carried (3-0) by unanimous vote:

Resolution No. 96-0139: Approving plans and specifications for San Francisco Water Department Contract No. WD-2187, 8-Inch Ductile Iron Main Installation in 10th Street between Market and Division Streets, Sheridan Street between 9th and 10th Streets, Boardman Place between Bryant and Brannan Streets; and authorizing advertisement for bids.

16. Awarding San Francisco Water Department Contract No. WD-2122.

Moved by Commissioner Werbe, seconded by Commissioner Normandy, to adopt Item 16; carried (3-0) by unanimous vote:

Resolution No. 96-0140: Awarding San Francisco Water Department Contract No. WD-2122, 8-Inch Ductile Iron Main Installation in Geary Boulevard between 5th Avenue and Arguello Boulevard, and in Arguello Boulevard between Geary Boulevard and Fulton Street, in the amount of \$423,820 to Francisco Construction, Inc.; and requesting the Board of Supervisors to approve extension of time for award.

17. Awarding Contract HH-839R, San Joaquin Pipelines Crossover, in the amount of \$1,113,000.00 to the lowest responsive bidder, San Luis Gonzaga/Ranger Pipelines, a Joint Venture; rejecting the protests submitted by Mendelian Construction, Inc./Power Engineering, and CICO/CoastGeo; and approving the transfer of \$325,000 from San Joaquin Pipeline Repairs Project to San Joaquin Pipelines Crossover Project.

Item 17 was withdrawn by staff.

CLOSED SESSION

18. Public Comments on matters to be discussed in Closed Session.

There were no public comments.

The Public Utilities Commission met in Closed Session from 3:23 p.m. to 3:55 p.m. and discussed the following matters:

19. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chevron v. CCSF, and CCSF v. Standard, et.al. (Chevron).

No action was taken.

20. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9 (b) or (c):

Anticipated Litigation: As Defendant
Regarding the San Francisco Water Department property on Bernal Avenue in Alameda County - Petition for Writ of Mandate Challenging Land Use Entitlements.

Moved by Commissioner Werbe, seconded by Commissioner Normandy, to adopt the following resolution; carried (3-0) by unanimous vote:

Resolution No. 96-0141: Recommending to the Board of Supervisors to authorize the City Attorney to negotiate and enter into an agreement to extend the statute of limitations on behalf of the City and County of San Francisco, as Real Party in Interest to any lawsuit brought by the City of Pleasanton challenging any Alameda County approval that may be granted to the Specific Plan, Zoning Ordinance, and Development Agreement for the Bernal Property.

21. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken during the Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

Commissioner Normandy moved, seconded by Commissioner Werbe not to disclose the discussion during the Closed Session; carried (3-0) by unanimous vote.

Thereupon, the meeting was adjourned: 3:56 p.m.

Romaine A. Boldridge
Commission Secretary

P82

#3

7/22/96

MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

July 23, 1996
1:00 P.M.
Room 402
1155 Market Street, Fourth Floor

COMMISSIONERS

E. Dennis Normandy, President

Victor G. Makras, Vice President

Marion E. Otsea

Robert K. Werbe

Frank L. Cook

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DEPARTMENTS

Water Department

Hetch Hetchy

BUREAUS

Commercial Land Management

Engineering and Construction Management

Finance

Information Systems

Personnel and Training

System Planning and Regulatory Compliance

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:07 p.m.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Marion E. Otsea, Commissioner Robert K. Werbe, Commissioner Frank L. Cook

President Otsea welcomed the newly appointed Commissioner Frank L. Cook.

3. Election of Officers - Pursuant to Rule 6 of the Rules of Order of the Public Utilities Commission.

a) President

Commissioner Otsea nominated Commissioner E. Dennis Normandy as President; seconded by Commissioner Werbe. There were no further nominations. The election carried (5-0) by unanimous vote. Commissioner Normandy was elected President.

b) Vice President

Commissioner Otsea nominated Commissioner Victor G. Makras as Vice President; seconded by Commissioner Werbe. There were no further nominations. The election carried (5-0) by unanimous vote. Commissioner Makras was elected Vice President.

President Normandy presided for the remainder of the meeting. He expressed appreciation to outgoing President Marion E. Otsea. Commissioner Werbe moved to adopt a resolution expressing appreciation to Commissioner Otsea for her able leadership during the past year, seconded by Commissioner Cook; motion carried (5-0) by unanimous vote.

Resolution No. 96-0142: Commending Commissioner Marion E. Otsea for leadership during her term of office as President.

President Normandy made the following announcements. Vice President Makras will chair the PUC Budget Committee and the five members of the Commission will serve as a committee of the whole. Commissioners Werbe and Makras will continue to follow real estate matters. Commissioner Otsea will continue to take part in Chevron issues and water related matters. Commissioner Cook will take the lead on issues related to protective services for our personnel who serve on the watershed as well as fire and law enforcement matters.

4. APPROVAL OF MINUTES

On motion by Commissioner Otsea, seconded by Commissioner Werbe, the minutes of the Regular Meetings of June 25, 1996 and July 9, 1996 were approved (5-0) by unanimous vote.

5. COMMUNICATIONS

No action was taken.

6. INTRODUCTION OF OLD BUSINESS BY COMMISSIONERS

There was no old business introduced by Commissioners.

7. INTRODUCTION OF NEW BUSINESS BY COMMISSIONERS

President Normandy suggested modifying the format for Agenda Item Number 5, from "Introduction of Old Business by Commissioners" to "Introduction of Old/Ongoing Business by Commissioners". He directed the Commission Secretary to list under this item any business that is ongoing or continued or matters that have been requested by the Commission.

8. REPORT OF THE GENERAL MANAGER

Bay-Delta Accord

Anson B. Moran, General Manager of Public Utilities, commented regarding the news article about PUC's position relating to the lawsuit filed by San Joaquin Tributary Agencies (SJTA) against the State Water Resources Control Board. Mr. Moran reiterated that the City would continue to support the implementation of the Bay-Delta Accord. He noted that the City was not challenging the Accord but the action of the State Board where it deviated from the Accord by not requiring the installation of barriers at the head of the old river to protect salmon fisheries. Mr. Moran stated that the barriers would have greater benefit to the fish than putting any amount of water in the river. He stated that the City was not initially part of the lawsuit filed by the San Joaquin Tributary Agencies but in order to maintain a level playing field began to intervene for the Tributary Agencies when the State Water Contractors intervened on behalf of the State Board.

Mr. Moran noted that staff is working with the San Joaquin Tributary Agencies and other stakeholders including members of the environmental community to formulate an agreement on the San Joaquin River that would work for all stakeholders.

Budget Reports

Mr. Moran noted that staff would submit the personnel report at the end of July and the capital projects report by next week. He said that there had been no progress in the hiring of personnel to date as hiring will not commence until the interim budget period ends in August.

Clean Water Program Transition

Mr. Moran reported that the Board of Supervisors passed a resolution supporting the transfer of the Clean Water Program to PUC. The transfer will take effect on August 1, 1996. Mr. Moran noted that before the transfer takes effect he and the General Manager of the Department of Public Works will enter into a Memorandum of Understanding that acknowledges the authority of PUC over the Clean Water Program and DPW's commitment to provide support to PUC until the transfer is fully implemented. Mr. Moran noted that staff would distribute an organizational chart reflecting the addition of the Clean Water Program before August 1st.

9. PUBLIC COMMENTS

There were no public comments.

REGULAR CALENDAR

10. Approving the schedule of fees to be charged for certain uses of watershed lands, rights-of-way and other real properties of the Water Department.

Larry and Loretta Knight, resident of Redwood City, commented that they would like to be charged an annual fee to access their garage from the Water Department's right of way. The department is proposing a fee of \$110 for access permits from 1 to 7 days plus \$70.00 a day.

Mr. Moran stated that the proposed fee structure included a short term access permit to accommodate the Knight's request to access their garage while the department is evaluating the possibility of a long term lease agreement. He noted that the department was considering the Knight's request in conjunction with the needs of adjoining property owners and what is acceptable to the City. He noted that staff would also consider the value that vehicular access to the back of the lot would add to a property in which case the City would want to recover more than just the actual costs to issue and administer a permit.

Cheryl Davis, Manager, Water Supply & Treatment Division, commented that the fee structure for the use of watershed and right of ways would not constrain anyone to work out a lease agreement with the City; however, she said issuing annual permits for numerous people would leave the department no control over the Water Department's right of ways.

Commissioner Makras asked whether the fee of \$1,800 being proposed for engineering permits is the actual cost of issuing and administering a permit. Ms. Davis said that staff would provide the Commission with the backup data on this issue.

Commissioner Otsea suggested amending the resolution to raise the fee for an equestrian permit to \$110.00.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 10 with the amendment to equestrian permits; carried (5-0) by unanimous vote:

Resolution No. 96-0143: Approving the schedule of charges for certain uses of the watershed lands, rights-of-way and other real properties of the Water Department; and authorizing the General Manager of Utilities to waive the fee for bonafide non-profit organizations when the use being requested is consistent with the policy direction and intent of the Commission.

11. Authorizing the General Manager of Public Utilities to solicit qualifications from consulting firms for a contract to support Emergency Planning Services for the San Francisco Public Utilities Commission.

Mr. Moran requested continuance of Item 11 due to changes in the work scope. He stated that staff would be preparing a new procedure for contracting professional services. In the interim, the department would operate under the existing procedure except that they would advertise the contracts showing the contract amount in a price range rather than a specific value. He indicated that the agenda package would also include extensive discussion of fees and ratings of contractors.

Commissioner Otsea requested that the list of individuals serving on the selection committee be provided to the Commission. The Commission discussed whether the names of the selection committee should be disclosed to the Commission and the public without tying scores to names. Thomas Berliner, Utilities General Counsel, stated that if disclosure would be the desire of the Commission, staff should advise the selection committee initially that their identity and/or scores will be made public. Bayard Fong, Compliance Officer from the Human Rights Commission, noted that project managers are advised as a standard procedure to refrain from divulging the names of the selection committee to avoid lobbying. He said they were also advised to include women and minorities on the selection committee and to ensure that the individuals who were selected have the required technical expertise.

Mr. Moran said that staff would report to the Commission on how they want to proceed on the project. President Normandy suggested that staff include discussion on the pros and cons of each available option and incorporate the concerns expressed by the members of the Commission and the Human Rights Commission.

Item 11 was continued to a date not specified.

12. Approving the final plans and specifications for San Francisco Water Department Contract WD-2190.

Moved by Commissioner Werbe, seconded by Commissioner Makras, to adopt Item 12; carried (5-0) by unanimous vote:

Resolution No. 96-0144: Approving the final plans and specifications for San Francisco Water Department Contract WD-2190, 16-Inch Ductile iron Feeder Main Installation in San Bruno Avenue, Paul Avenue, and Bayshore Boulevard and authorizing the Utilities Engineering Bureau to advertise for bids.

13. Awarding San Francisco Water Department Contract No. WD-2198, Town of Sunol Water System Improvements.

Moved by Commissioner Werbe, seconded by Commissioner Cook, to adopt Item 13; carried (5-0) by unanimous vote:

Resolution No. 96-0145: Awarding San Francisco Water Department Contract No. WD-2198, Town of Sunol Water System Improvements, in the amount of \$329,892.00 to Mendelian Construction, Inc., as the lowest responsive bidder.

14. Awarding Hetch Hetchy Contract No. HH-839R, San Joaquin Pipelines Crossover.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Item 14; carried (5-0) by unanimous vote:

Resolution No. 96-0146: Awarding Hetch Hetchy Contract No. HH-839R, San Joaquin Pipelines Crossover, in the amount of \$1,113,000 to the lowest responsive bidder, San Luis Gonzaga/Ranger Pipelines, a joint venture; and approving the transfer of funds from San Joaquin Pipeline Repairs Project to San Joaquin Pipelines Crossover Project.

15. Awarding Hetch Hetchy Contract No. HH-838, Holm Penstock Slope Stabilization.

Commissioner Makras inquired whether the contractor, Engineered Soil Repairs, Inc. would enroll in apprenticeship training programs and if they would not sign up could they be required to pay a certain fee to support an apprenticeship training program. Mr. Moran responded that if a contractor is non union, he does not qualify for apprenticeship programs; however, the law provides that the contractor must pay a fee to a State fund that supports apprenticeship training programs.

Commissioner Otsea noted the urgency to complete this project before the rainy season. She commented that finding contractors for upcountry contracts like this is difficult and getting another bidder is uncertain if we rebid the contract.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 15; carried (4-1). Commissioner Makras voted no.

Resolution No. 96-0147: Awarding Hetch Hetchy Contract No. HH-838, Holm Penstock Slope Stabilization, in the amount of \$451,025 to the sole bidder, Engineered Soil Repairs, Inc.; and approving the transfer of funds from Hetch Hetchy Road Rebuilding Project to Holm Penstock Slope Stabilization Project.

16. Approving the final plans and specifications for San Francisco Water Department Contract No. WD-2154.

Moved by Commissioner Otsea, seconded by Commissioner Werbe, to adopt Item 16; carried (5-0) by unanimous vote:

Resolution No. 96-0148: Approving the final plans and specifications for San Francisco Water Department Contract No. WD-2154, Cement Mortar Line 54-Inch Pipeline in Junipero Serra Boulevard from Holloway Avenue to Sloat Boulevard; and authorizing the Utilities Engineering Bureau to advertise for bids.

17. Approving a lease and occupancy permit with Treasure Island Motel & Trailer Court, Inc.

Commissioner Werbe requested to be excused from voting on Item 17. Commissioner Otsea moved, seconded by Commissioner Cook to excuse Commissioner Werbe; carried (5-0) by unanimous vote.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 17; carried (4-0) by unanimous vote:

Resolution No. 96-0149: Authorizing the General Manager of Public Utilities to execute on behalf of the City and County of San Francisco a lease and occupancy permit with Treasure Island Motel & Trailer Court, Inc. for 3.46 acres of Water Department land located adjacent to 1700 El Camino Real in South San Francisco, California, for parking trailers, campers, motor homes and mobile homes commencing on July 1, 1996 to June 30, 2000 for a monthly rental rate of \$6,500.

CLOSED SESSION

18. Public Comments on matters to be discussed in Closed Session.

There were none.

The Public Utilities Commission met in Closed Session from 2:27 p.m. to 3:18 p.m. to discuss the following matters:

19. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County.

No action was taken on Item 19.

20. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant
Regarding California Water Service Company.

No action was taken on Item 20.

21. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken during the Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Otsea, seconded by Commissioner Cook not to disclose the discussion during the Closed Session.

Thereupon, the meeting was adjourned: 3:19 p.m.

Romaine A. Boldridge
Secretary

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Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

August 13, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Marion E. Otsea
Robert K. Werbe
Frank L. Cook

DEPARTMENTS

Water Department
Hetch Hetchy
Clean Water Program

BUREAUS

Commercial Land Management
Engineering and Construction Management
Environmental Regulation and Management
Finance
Information Systems
Personnel and Training
System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:00 p.m.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Marion E. Otsea, Commissioner Frank L. Cook

Commissioner Robert K. Werbe arrived at 1:05 p.m.

3. Approval of Minutes

On motion by Commissioner Otsea, seconded by Commissioner Cook, the Minutes of the Regular Meeting of July 23, 1996 were approved (4-0) by unanimous vote.

Note: Commissioner Robert K. Werbe arrived after the Commission voted on the approval of the minutes.

4. Communications

No action was taken by the Commission.

5. Introduction of Old/Ongoing Business by Commissioners

- a. Personnel Hiring Report
- b. Capital Projects Report
- c. Engineering Permits Cost Data
- d. Consultant Selection Process Report and Proformas.

Items 5.a through 5.d. were not discussed.

- e. Agenda item to authorize solicitation for qualified consulting firms to support Emergency Planning Services.

Item 5.e. was continued at the request of the General Manager due to changes in the scope of work for the project.

Commissioner Otsea inquired about the consultant's report on the communications plan. Mr. Moran replied that Timothy Dayonot, Manager, Government & Public Affairs, would provide a report regarding the comprehensive communications plan at the next meeting.

Commissioner Otsea inquired about the status of planning for Moccasin housing and the Hostel Society's proposal. Mr. Moran replied that staff would provide a report to the Commission in September 1996.

6. Introduction of New Business by Commissioners

Commissioner Otsea suggested including in the PUC By-Laws a policy or guidelines regarding PUC representation to various organizations. Commissioner Otsea requested that staff provide a list of organizations where PUC is represented.

Anson B. Moran, General Manager, Public Utilities, noted that memberships in organizations were defined in the San Francisco Administrative Code and included in the budget each fiscal year. He pointed out that to amend the Administrative Code would require action by the Board of Supervisors.

Staff would provide the Commission with a recommended policy or guideline.

7. Report of the General Manager

a. Water Treatment Workshop

Mr. Moran stated that staff is planning a workshop for the Commission regarding water treatment.

b. Clean Water Project Tour

Staff will also schedule a tour of the Clean Water Project for the Commission.

c. Pipeline Failure

Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power, reported that on August 9, 1996, a portion of San Joaquin Pipeline No. 3 bursted and reduced Hetch Hetchy's capability to deliver water to San Francisco. Using electronic media, Mr. Klein showed pictures of the bursted pipeline and the surrounding areas. Mr. Klein reported that staff responded very quickly to bring San Joaquin Pipeline No. 2 and the Sunol Valley Water Treatment Plant into service to maintain water supply to customers. Customers were informed of the failure; the Emergency Operations Center was activated; and the Department of Health Services was advised. President Normandy signed a declaration of

emergency which authorized staff to start emergency repairs immediately. Mr. Klein reported that staff had obtained the replacement pipe and by next week they should have installed the replacement pipe and put Pipeline No. 3 back to service before the end of next week. Mr. Klein stated that they have not determined the cause of the failure of the pipe.

William Camp, Senior Civil Engineer, Water Supply & Treatment Division, gave an overview of the piping system and the inspection procedure for the pipes. He said they had inspected Pipeline No. 3 but at the time of inspection there was no indication of possible failure.

Cheryl K. Davis, Manager, Water Supply & Treatment Division, commented that staff was exceptional in handling the event. She acknowledged the need to continue to do more system testing and to try different inspection procedures.

Arthur M. Jensen, Executive Director, Bay Area Water Users Association, commented that staff responded extremely well to the incident.

Commissioner Makras suggested scheduling an item in the executive session to discuss the pipeline failure and damages caused by this incident to neighboring properties.

d. Power Failure

Mr. Klein reported that the power outage that occurred on August 10, 1996 did not cause any problems for Hetch Hetchy operations and water supply. Hetch Hetchy continued operations without problems.

William Keaney, Manager, Bureau of Water Pollution Control, reported that the power outage did not create any sewage overflows.

e. Miscellaneous

Mr. Moran reported that staff is continuing to work with the San Francisco Redevelopment Agency regarding the Hunters Point Shipyard and the possibility of the PUC providing utilities to the facility.

The Federal Energy Regulatory Commission approved the settlement on the Tuolumne River and the irrigation districts have started releasing water.

A report on the positions approved on the budget will be provided monthly to the Commission. An update on the capital project report will be submitted next week.

8. Public Comments

Jean Khoo, owner of 650-652 Natoma Street, presented a letter written in Mandarin, objecting to the cost of fire service to her property. Luke Cheng, UEB staff, translated and read the letter to the Commission in English.

CONSENT CALENDAR

9.a. Ratifying provisional and temporary appointments and removals.

Moved by Commissioner Makras, seconded by Commissioner Otsea, to adopt Item 9.a.; carried (5-0) unanimously.

Resolution No. 96-0150: Ratifying and approving the provisional and temporary appointments and removals made by the General Manager of Public Utilities for the months of March 1996 through June 1996.

REGULAR CALENDAR

10. Adopting the California Environmental Quality Act (CEQA) findings based on the Final Environmental Impact Report (FEIR) for the Bernal Property Specific Plan.

Moved by Commissioner Makras, seconded by Commissioner Werbe, to adopt Item 10; carried (5-0) unanimously.

Resolution no. 96-0151: Adopting the California Environmental Quality Act (CEQA) findings based on the Final Environmental Impact Report (FEIR) for the Bernal Property Specific Plan; approving the Development Agreement between the County of Alameda and the City and County of San Francisco; and authorizing the General Manager of Public Utilities to execute the Development Agreement upon approval by the San Francisco Board of Supervisors.

11. Bid call for Hetch Hetchy Water & Power Contract WP-10.

Moved by Commissioner Otsea, seconded by Commissioner Werbe, to adopt Item 11; carried (5-0) unanimously.

Resolution No. 96-0152: Authorizing bid call for Hetch Hetchy Water & Power Contract WP-10, Protective Relay Installation, specification No. M031911.

12. Adopting the evaluation and decision criteria for retention, disposal and acquisition of lands; establishing a Watershed Land Acquisitions project; and approving the transfer of \$45,000 from "Watershed Protection Project" to "Watershed Land Acquisitions Project".

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to continue Item 12 to a date uncertain; carried (5-0) unanimously.

13. Discussion regarding use of PUC lands by non-profit organizations and public agencies.

Moved by Commissioner Cook, seconded by Commissioner Werbe, to continue Item 13 to a date uncertain; carried (5-0) unanimously.

14. Authorizing a forty-year lease and a separate, interim month-to-month lease with Cisco Systems, Inc.

Moved by Commissioner Makras, seconded by Commissioner Otsea, to adopt Item 14; carried (5-0) unanimously.

Resolution No. 96-0153: Authorizing the General Manager of Public Utilities to execute a forty-year lease and a separate, interim month-to-month lease with Cisco Systems, Inc. for approximately 2.67 acres of Water Department land located on a portion of Parcel 125 of Bay Division Pipeline Nos. 3 and 4 right of way in San Jose, California for a parking lot, utilities, landscaping purposes, ingress and egress to and from adjacent buildings and driveways at a monthly rental rate of \$7,277.

15. Authorizing a lease agreement with Alan Bygdnes, Richard Bygdnes and Sally Smith.

Moved by Commissioner Makras, seconded by Commissioner Otsea, to adopt Item 15; carried (5-0) unanimously.

Resolution No. 96-0154: Authorizing the General Manager of Public Utilities to execute a lease agreement with Alan Bygdnes, Richard Bygdnes and Sally Smith for approximately 1,140 square feet of Water Department land located adjacent to 3200 Canyon Drive, Redwood City, California for parking of vehicles and fencing, commencing on August 1, 1996 at a rental rate of \$1,200 per year.

16. Authorizing the General Manager of Public Utilities to execute a revocable permit with City College of San Francisco for student parking in the North Basin of the Balboa Reservoir and for cutting a 24-foot pathway through the middle berm at the west end of the reservoir connecting the North Basin to the South Basin to allow vehicular access between the two basins of the Balboa Reservoir Tract in San Francisco, California, at no charge commencing upon approval of the Commission.

Commissioner Werbe expressed opposition regarding issuance of a permit to City College.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to continue Item 16 to a date uncertain for further discussion; carried (5-0) unanimously.

17. Authorizing transfer of \$100,000 from "Judgments and Claims" to "Services of Other Departments" in the Water Department's operating budget.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 17; carried (5-0) unanimously.

Resolution No. 96-0155: Authorizing the General Manager of Public Utilities to transfer \$100,000 from "Judgments and Claims" to "Services of Other Departments" in the Water Department's operating budget to reimburse the City Attorney for the cost of county line meter repair and calibration contract executed by the City Attorney on behalf of the Public Utilities Commission.

18. Consenting to the acquisition of San Mateo Water District #3 by California Water Service Company.

Commissioner Makras commented that a broader policy should be established in selling more quantities of water to anyone rather than the Commission acting on individual requests. President Normandy concurred that the Commission should take action in a larger context. Mr. Moran stated that the City has to act on this item because of the provision of the Master Water Sales Contract with suburban customers in which customers are allowed to request to expand their service area. He said because the City must respond within specified time limits, staff did not have any option to delay action on this matter. He said the Commission was not obligated to take any action on this request but the customer has a legal recourse to obtain a response from the City under the terms of the agreement. Mr. Moran noted that the acquisition would not affect San Francisco's overall water supply scheme. Joshua Milstein, Deputy City Attorney, stated that this item is an amendment to the individual water supply contract with California Water Co. and the agreement provides that if a customer is taking over another customer's service area it could take place with just the consent of the City and the affected customer.

Moved by Commissioner Otsea, seconded by Commissioner Werbe, to adopt Item 18; carried (4-1). Commissioner Makras voted no.

Resolution No. 96-0156: Consenting to the acquisition of San Mateo Water District #3 by California Water Service Company; and authorizing the General Manager of Public Utilities to execute an amendment to the Individual Contract with California Water Service Company.

19. Authorizing negotiation of a Memorandum of Understanding (MOU) with the Bay Area Water Users Association (BAWUA) for joint sponsorship of the Water Supply Master Plan.

Steve Ritchie, Manager, Bureau of System Planning & Regulatory Compliance (SPARC), commented that the Water Supply Master Plan is a vehicle to identify the future long-term water supply needs of our entire service area and the plans on how we could meet those needs.

In February 1996, the Commission approved \$200,000 to proceed with a Request for Proposal for Phase 1. Since then, Mr. Ritchie stated, that a new idea developed where PUC staff and the Bay Area Water Users Association agreed to form a steering committee comprising BAWUA and PUC staff. The steering committee would present a joint recommendation to the Commission based on inputs from customers and staff on how to proceed with the project. The Memorandum of Understanding being proposed with BAWUA would set the roles and responsibilities of both parties in carrying out the task of developing a water supply plan.

Regarding the contracting process, Mr. Ritchie, stated that staff is recommending retention of the same consultant for the life of the project depending upon the consultant's performance during the first phase. He said the Commission would decide whether to proceed with the same consultant. He stated that Phase 2 of the project is estimated to cost around \$2.5 million.

Commissioner Werbe moved to adopt the resolution and later withdrew his motion.

Commissioner Makras expressed concerns that we may be overspending to conduct a study on information that is already available, and that we have capable staff to perform the study. He also expressed concerns about awarding Phase 2 of the project to the same consultant without putting it out to bid. Mr. Ritchie stated that the project is time intensive and requires interaction with a lot of people and there is not enough staff resource to prepare the plan ourselves. Mr. Moran stated that due to the nature of the work staff believes it would make sense to keep the same consultant for both phases.

Arthur M. Jensen, General Manager, Bay Area Water Users Association, commented that he hoped that the study would cost less than what staff estimated. He noted that there would be an opportunity to change the scope of work and adjust the price when the contract is being negotiated. He urged that the Commission approve the MOU so that the process of developing the plan could get started.

Mr. Moran noted that staff would be coming back to request approval of the Commission to negotiate and award the contract for Phase 1. He said the Commission would also have an opportunity to authorize the negotiation and award of the contract for Phase 2.

Commissioner Otsea commented on the importance of enjoining the suburban customers in the development of the master plan. She stated she was willing to vote for whatever it cost to develop a real water supply plan.

Joshua D. Milstein, Deputy City Attorney explained approval of the resolution as written does not commit approval for any expenditure. President Normandy suggested putting a restriction in the resolution that it does not approve any amount of expenditure and that the Commission reserves the right to decide the awarding of the contract. Commissioner Werbe concurred as long as there would be competitive bidding.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 19 as amended to authorize negotiation of a Memorandum of Understanding with BAWUA for joint sponsorship of a water supply master plan; carried (5-0) unanimously.

Resolution No. 96-0157: Authorizing the General Manager of Public Utilities and counsel to enter into discussions with the Bay Area Water Users Association (BAWUA) General Manager leading to development of a Memorandum of Understanding (MOU) for joint sponsorship of the Water Supply Master Plan and to present the MOU for consideration and approval by the Commission upon conclusion of the negotiations.

CLOSED SESSION

20. Public Comments on matters to be discussed in Closed Session.

There were no public comments.

Note: Commissioner Otsea was excused at 3:40 p.m.

The Public Utilities Commission met in Closed Session from 3:40 p.m. to 5:30 p.m. to discuss the following matters:

21. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County.

No action was taken on Item 21.

22. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chevron Pipeline Company v. City and County of San Francisco, Alameda County Superior Court Action No. V 011383-8.

Moved by Commissioner Werbe, seconded by Commissioner Cook, to authorize the City Attorney to stipulate to extend the stay of the above case; carried (4-0) unanimously.

Resolution No. 96-0158: Authorizing the City Attorney to stipulate to extend the stay of the case of Chevron Pipeline Company v. City and County of San Francisco, Alameda County Superior Court Action No. V 011383-8 until September 13, 1996.

23. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Federal Energy Regulatory Commission (FERC)

Item 23 was not discussed.

24. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Santa Clara County v. City and County of San Francisco, Santa Clara County Superior Court No. CV 757163.

Moved by Commissioner Werbe, seconded by Commissioner Makras, to approve a settlement for Item 24; carried (4-0) unanimously.

Resolution No. 96-0159: Approving a settlement in the case of Santa Clara County v. City and County of San Francisco, Santa Clara Court No. CV 757163.

25. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	A portion of Parcel 11 of former Municipal Railway right of way between San Mateo Avenue and Sylvan Avenue, San Bruno, California
Parties Negotiating:	Dowd/Lymburn
Lessee:	Artichoke Joe's
Under Negotiation:	Price and Terms

Item 25 was continued.

26. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary announced the actions taken by the Commission.

27. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Werbe, seconded by Commissioner Cook, not to disclose the discussion during the Closed Session; carried (4-0) by unanimous vote.

Thereupon, the meeting was adjourned: 5:31 P.M.

Romaine A. Boldridge
Commission Secretary

SF

P82

#3

8/27/96

MINUTES

PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

August 27, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

DOCUMENTS DEPT.

SEP 09 1996

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COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Marion E. Otsea
Robert K. Werbe
Frank L. Cook

DEPARTMENTS

Water Department
Hetch Hetchy
Clean Water Program

BUREAUS

Commercial Land Management
Engineering and Construction Management
Environmental Regulation and Management
Finance
Information Systems
Personnel and Training
System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:05 p.m.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Marion E. Otsea, Commissioner Robert K. Werbe

Excused - Commissioner Frank L. Cook

3. Approval of Minutes

There were no minutes submitted.

4. Communications

No action was taken.

5. Introduction of Old/Ongoing Business by Commissioners

There was no old or ongoing business introduced.

6. Introduction of New Business by Commissioners

Commissioner Makras stated that it had been brought to his attention that Chevron had filed a quarterly report with the San Francisco Ethics Commission whereby they report lobbying support for the San Antonio pipeline lease with the PUC. In the same report Chevron disclosed contributions made to current members of the Board of Supervisors and those seeking a seat on the Board of Supervisors. Commissioner Makras requested a City Attorney's opinion as guidance for the Commission as to whether the Commission should negotiate with Chevron.

Commissioner Makras requested that staff report on the economic impact of the August 10, 1996 power failure including the impact on other City departments and also that staff request input from the Chamber of Commerce and the Small Business Commission regarding the effect on their businesses.

7. Report of the General Manager

Lawrence T. Klein, General Manager of Hetch Hetchy Water and Power, reported on the status of the wildfires in Tuolumne County. He distributed maps showing the location of the fires in relationship to Hetch Hetchy's facilities. He stated that the fire was less than a mile from the dam; and that Hetch Hetchy employees were assisting the Park Service and firefighters and serving as guides.

President Normandy expressed appreciation for the assistance Hetch Hetchy personnel is giving to the firefighting effort.

Anson B. Moran, General Manager of Public Utilities, stated that staff had been monitoring interest rates in the bond market in regard to the possibility of refunding some of the department's outstanding bonds.

Mr. Moran reported that staff had been meeting to review how the department does its contracting. He said that they were balancing several interests: (1) to create opportunities for small and minority businesses; (2) to do business in an intelligent and cost-effective way; and (3) to get the work done.

Mr. Moran noted that the capital projects report had been distributed to the Commission containing data through the end of the fiscal year, June 30, 1996. It does not include new projects or new money. The reports will be reissued when the accounting system has been updated with new balances. A reallocation plan will be presented at the September 24, 1996 meeting.

Mr. Moran reported that the public hearing to amend the Rules of Order had been noticed on the back of today's agenda for September 10, 1996.

On motion of Commissioner Otsea, seconded by Commissioner Makras, the Commissioner voted unanimously to reschedule the public hearing to September 24, 1996.

Presentation

President Normandy presented Commissioner Otsea with a framed resolution expressing the Commission's appreciation of her tenure as President of the Commission.

8. Public Comments

There were no public comments.

REGULAR CALENDAR

9. Public Hearing - Revising the San Francisco Water Department's Rules and Regulations Governing Water Services to Customers.

John P. Mullane, General Manager, San Francisco Water Department, reported that there had been restrictions on waste of water during the drought. However, when the Board of Supervisors rescinded the rate schedules it also rescinded the water restrictions that were part of the package. Mr. Mullane reported that he had met with various tourism and restaurant associations who did not object to this proposal.

Commissioner Makras inquired about the savings the department anticipates from restaurants not serving water unless it's requested. Mr. Mullane replied that three glasses of water could be saved by not serving one glass of water but there is no estimate of the total quantity of water that could be saved.

Camille Davis, representing the California Restaurant Association, said that while they did not have any major objections, they were not excited about the new rule. They would prefer to have not serving water unless it is requested a voluntary practice.

Moved by Commissioner Werbe, seconded by Commissioner Otsea to adopt Item 9; carried (4-0) by unanimous vote.

Resolution No. 96-0160: Revising the San Francisco Water Department's Rules and Regulations Governing Water Services to Customers to include a rule listing waste of water restrictions; and authorizing the Water Department to establish a warning process prior to termination of water service in the event of noncompliance with the restrictions.

10. Presentation: Report on the development of a consolidated communications plan.

Timothy Dayonot, Manager of Government and Public Affairs, presented a report on the development of a PUC communications plan using electronic slides. Mr. Moran reported that the Clean Water Program has a public information group that has done a great deal of work in working with communities in terms of public information and creating internship programs for people in the community. Those resources will be folded into the development of the communications plan.

11. Endorsing the proposal of Friends of Sterling Park to secure a grant from San Francisco Beautiful for various renovations to Sterling Park.

Beverly Mills, representing Friends of Sterling Park (a group of neighbors of the park who are affiliated with Russian Hill Neighbors), stated that the group wanted to apply for a grant of \$11,000 from San Francisco Beautiful to renovate Sterling Park.

Commissioner Werbe moved to continue this item to the next regular meeting, seconded by Commissioner Makras. The motion to continue Item 11 carried (4-0) by unanimous vote.

12. Authorizing execution of agreements with Baseline Environmental, Camp Dresser and McKee, Inc. and Tetra Tech/Olivia Chen Consultants, Joint Venture for as-needed environmental engineering services for a total not to exceed \$3.2 million.

Steve Ritchie, Manager, Bureau of System Planning and Regulatory Compliance, recommended three teams for as needed work.

Commissioner Werbe expressed concern about the dollar amount for this work. Commissioner Makras suggested reducing the dollar amount and contracting for a one year period. Commissioner Otsea pointed out that the department needs to have the ability to address emergency situations and respond to citations from regulatory agencies. Staff responded to questions from the Commission.

Moved by Commissioner Makras, seconded by Commissioner Werbe, to amend the resolution to authorize a total spending authority of \$1.2 million over a two-year period; carried (4-0) by unanimous vote.

Resolution No. 96-0161: Authorizing the Manager of Systems Planning and Regulatory Compliance to negotiate and execute agreements with Baseline Environmental, Camp Dresser and McKee, Inc. and Tetra Tech/Olivia Chen Consultants, Joint Venture to provide as-needed environmental engineering services for a period of two years and total spending authority not to exceed \$1.2 million.

President Normandy stated that it was the mutual understanding between the Commission and staff that staff may request an increase in the spending authority when the approved funds have been depleted.

13. Report on the status of progress of negotiations among Daly City, the Olympic Club, the San Francisco Golf and Country Club, the Lake Merced Golf and Country Club, and the Public Utilities Commission regarding the use of recycled water for golf course irrigation.

Mr. Ritchie reported that there had been progress in the negotiations but not as fast as staff would like. The estimated date for implementation is the 1998 irrigation season.

The meeting was recessed from 3:01 P.M. to 3:15 P.M.

14. Rejecting the bid received for Hetch Hetchy Contract No. HH-841.

Moved by Commissioner Makras, seconded by Commissioner Otsea to adopt Item 14; carried (4-0) by unanimous vote.

Resolution No. 96-0162: Rejecting the single bid received for Hetch Hetchy Contract No. HH-841, Hetch Hetchy Monitoring Improvements-West; approving the revised plans and specifications; and authorizing bid call for Hetch Hetchy Water & Power Contract No. HH-841R, Hetch Hetchy Monitoring Improvements-West.

15. Approving the final plans and specifications for San Francisco Water Department Contract No. WD-2192.

Moved by Commissioner Otsea, seconded by Commissioner Makras to adopt Item 15; carried (4-0) by unanimous vote.

Resolution No. 96-0163: Approving the final plans and specifications for San Francisco Water Department Contract No. WD-2192, 16-Inch Ductile Iron Main, 4-Inch Ductile Iron Service Pipe and 10-Inch Steel Pipe Casing Installation in John Muir Drive from East of Skyline Blvd. to West of Skyline Blvd.; and authorizing the Utilities Engineering Bureau to advertise for bids.

16. Approving Contract Modification H to the Department of Public Works Contract No. CTPW933652601.

Moved by Commissioner Otsea, seconded by Commissioner Werbe to adopt Item 16; carried (4-0) by unanimous vote.

Resolution No. 96-0164: Approving Contract Modification H to the Department of Public Works Contract No. CTPW933652601, Richmond Transport Storage Facility in the amount of \$6,010,000; and extending the period of performance through June 27, 1997.

17. Awarding San Francisco Water Department Contract No. WD-2207, Bay Division Pipelines No. 1 and 2 Timber Trestle Repairs.

Moved by Commissioner Makras, seconded by Commissioner Werbe to adopt Item 17; carried (4-0) by unanimous vote.

Resolution No. 96-0165: Awarding San Francisco Water Department Contract No. WD-2207, Bay Division Pipelines No. 1 and 2 Timber Trestle Repairs - Contract Two of Five, to the lowest responsive bidder, San Luis Gonzaga/Ranger Pipelines, a joint venture, in the amount of \$1,749,700.00; and approving the transfer of \$2,000,000 from the Santa Clara Valley Water District Emergency Intertie Project to this project.

18. Authorizing bid call for San Francisco Water Department Contract No. WD-2206, Replace Castlewood Reservoir.

Moved by Commissioner Makras, seconded by Commissioner Werbe to adopt Item 18; carried (4-0) by unanimous vote.

Resolution No. 96-0166: Approving the final plans and specifications and authorizing bid call for San Francisco Water Department Contract No. WD-2206, Replace Castlewood Reservoir.

19. Authorizing the General Manager of Public Utilities to approve Clean Water construction contract change orders.

Mr. Moran stated that there was a difference in the way the Department of Public Works does its contracting. In PUC contracts there is an allowance built into the contract for change orders. DPW does not do that. If change orders are required, they amend the contract which only requires the department head's signature. During the transition, it is staff's intent to bring those items to the Commission. There are some circumstances where time may not allow for Commission action. This resolution would authorize staff to act in those cases during the transition period. Mr. Moran stated that staff would compare the DPW procedure with the PUC procedure as part of the review of our contracting procedures.

Moved by Commissioner Makras, seconded by Commissioner Otsea to adopt Item 19; carried (4-0) by unanimous vote.

Resolution No. 96-0167: Authorizing the General Manager of Public Utilities to approve Clean Water construction contract change orders that are within the budget and scope of existing contracts, retroactive to August 1, 1996 and through November 27, 1996.

20. Awarding Department of Public Works Contract Specification No. 6770SA, Various Locations - Spot Sewer Repairs.

Moved by Commissioner Werbe, seconded by Commissioner Makras to adopt Item 20; carried (4-0) by unanimous vote.

Resolution No. 96-0168: Awarding Department of Public Works Contract Specification No. 6770SA, Various Locations - Spot Sewer Repairs, in the amount of \$578,050 to Miller/Thompson Constructors, Inc. as the lowest responsive bidder.

21. Authorizing a permit with Pacific Gas and Electric Company (PGE-595-96) to install one 4" underground electrical conduit.

Moved by Commissioner Werbe, seconded by Commissioner Otsea to adopt Item 21; carried (4-0) by unanimous vote.

Resolution No. 96-0169: Authorizing the General Manager of Public Utilities to execute a permit with Pacific Gas and Electric Company (PGE-595-96) to install one 4" underground electrical conduit within a portion of Parcel 156 of Bay Division

Pipeline Nos. 3 and 4 right-of-way, located in Sunnyvale, Santa Clara County commencing upon approval of the Commission provided that Permittee pays \$1,500 permit processing fee, \$350 inspection cost and \$840 annual use fee with annual CPI adjustments.

22. Authorizing a permit with Pacific Gas and Electric Company (PGE-596-96) for rehabilitation of existing 22" natural gas pipeline.

Moved by Commissioner Werbe, seconded by Commissioner Otsea to adopt Item 22; carried (4-0) by unanimous vote.

Resolution No. 96-0170: Authorizing the General Manager of Public Utilities to execute a permit with Pacific Gas and Electric Company (PGE-596-96) for rehabilitation of existing 22" natural gas pipeline within a portion of Parcel 245B of Bay Division Pipeline Nos. 3 and 4 right-of-way located in Palo Alto, Santa Clara County commencing upon approval of the Commission provided that Permittee pays \$1,500 permit processing fee, \$4,500 inspection cost and \$2,500 use fee.

The Commission took the agenda out of order. Item numbers 23 and 24 were discussed after the closed session.

CLOSED SESSION

25. Public Comments on matters to be discussed in Closed Session.

There were none.

Commissioner Otsea was excused at 3:40 p.m.

The Public Utilities Commission met in Closed Session from 3:40 P.M. to 5:15 P.M. to discuss the following matters:

26. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):
- Existing Litigation: Chevron v. CCSF, and CCSF v. Standard, et.al. (Chevron).
- Moved by Commissioner Makras, seconded by Commissioner Werbe to adopt the following resolution; carried (3-0) by unanimous vote.
- Resolution No. 96-0173: Requesting the City Attorney to proceed with legal actions to seek to remove the Chevron pipeline from San Francisco Water Department property.
27. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):
- Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County.
- No action was taken.
28. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:
- Property: A portion of Parcel 11 of former Municipal Railway right of way between San Mateo Avenue and Sylvan Avenue, San Bruno, California
- Parties Negotiating: Dowd/Lymburn
- Lessee: Artichoke Joe's
- Under Negotiation: Price and Terms
- No action was taken.
29. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:
- Property: Right-of-way property in Colma and South San Francisco
- Parties Negotiating: Dowd
- Lessee: Bay Area Rapid Transit District
- Under Negotiation: Terms
- No action was taken.

30. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: Various watershed lands in Alameda and San Mateo Counties
Parties Negotiating: Cohen/Dowd
Lessee: Cellular Communications Companies
Under Negotiation: Terms

No action was taken.

31. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: CCSF vs. San Mateo County and Alameda County

No action was taken.

32. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Federal Energy Regulatory Commission (FERC) and Bay Delta.

No action was taken.

33. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Existing Litigation: San Joaquin Tributaries Association vs. State Water Resources Control Board.

By common consent the following resolution was adopted (3-0):

Resolution No. 96-0174: Authorizing the City Attorney and the General Manager of Public Utilities to take actions consistent with the Commission's objectives regarding this litigation.

34. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):
Anticipated Litigation: As Plaintiff
Regarding pipeline break.

No action was taken.
35. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):
Anticipated Litigation: As Plaintiff - one case.

Item 35 was removed from the agenda.
36. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken by the Commission during the Closed Session.
37. Motion regarding whether to disclose the discussions during Closed Session.

Commissioner Werbe moved, seconded by Commissioner Makras, not to disclose the discussion during the Closed Session; carried (3-0) by unanimous vote.
23. Authorizing permits with Bay Area Rapid Transit District (BART) to gain access to property under the Commission's jurisdiction.

Moved by Commissioner Werbe, seconded by Commissioner Makras to adopt Item 23; carried (3-0) by unanimous vote.

Resolution No. 96-0171: Authorizing the General Manager of Public Utilities to execute permits with Bay Area Rapid Transit District (BART) to gain access to property under the Commission's jurisdiction located in Colma and South San Francisco to conduct various engineering studies in conjunction with the BART SFO Airport Extension Project provided that BART shall reimburse PUC for any and all costs associated with permit preparation, plan review and inspection of work permitted therein.

24. Authorizing permits to wireless communication companies to gain access to Water Department property.

Moved by Commissioner Werbe, seconded by Commissioner Makras to adopt Item 24; carried (3-0) by unanimous vote.

Resolution No. 96-0172: Authorizing the General Manager of Public Utilities to execute permits to wireless communication companies to gain access to Water Department property to conduct radio tests and identify potential sites for wireless communications antennae, provided such companies shall reimburse the PUC for all costs associated with permit preparation and staff escort services utilized to gain access to specific sites.

Thereupon the meeting was adjourned: 5:20 P.M.

Romaine A. Boldridge
Commission Secretary

MINUTES

PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

September 10, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

DOCUMENTS DEPT.

OCT 03 1996

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COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Marion E. Otsea
Robert K. Werbe
Frank L. Cook

DEPARTMENTS

Water Department
Hetch Hetchy
Clean Water Program

BUREAUS

Commercial Land Management
Engineering and Construction Management
Environmental Regulation and Management
Finance
Information Systems
Personnel and Training
System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Lorna T. Navarro
ACTING SECRETARY

1. Call to Order: 1:10 p.m.
2. Roll Call: Present - Vice President Victor G. Makras, Commissioner Robert K. Werbe, Commissioner Frank L. Cook

Commissioner Marion E. Otsea arrived at 1:13 p.m.

Excused - President E. Dennis Normandy

Vice President Makras presided.

3. Approval of Minutes

Commissioner Werbe moved, seconded by Commissioner Cook, to approve the Minutes of the Regular Meeting of August 13, 1996 as amended, and the Minutes of the Regular Meeting of August 27, 1996; carried (3-0) unanimously.

Note: Commissioner Otsea arrived after the Commission voted on the approval of the minutes.

4. Communications

No action was taken.

5. Introduction of Old/ongoing Business by Commissioners

No action was taken.

6. Introduction of New Business by Commissioners.

There was no new business introduced by Commissioners.

7. Report of the General Manager

Capital Improvement Program

Steven Carmichael, Director, Bureau of Finance, handed copies of the draft Financial Master Plan, a list of all current capital projects, and the Ten-Year Capital Improvement Program to the Commission. Mr. Carmichael stated that staff will bring these matters back to the Commission at the next meeting. However, if interest rates go up, the financing master plan and long range capital plan will not be scheduled until the last meeting of October. Mr. Carmichael stated that interest rates look good and it will be in the City's best interest to refinance our 1992 bonds. Mr. Moran indicated that staff would be scheduling an agenda item for the next meeting to get the Commission's approval to pursue refinancing of bonds at the appropriate time.

Roles, Responsibilities and Staffing Requirements

Mr. Moran noted that staff submitted a report to the Department of Health Services (DOHS) regarding the Roles, Responsibilities and Staffing Requirements of the Water Quality and Water Supply & Treatment Divisions. The report was submitted in compliance with a condition of citation issued by DOHS. Mr. Moran pointed out that the report was a preliminary recommendation on what our staffing pattern should look like and staff will review it extensively before considering it as part of the budget.

8. Public Comments

There were no public comments.

REGULAR CALENDAR

9. Requesting approval of expenditures for emergency measures to repair the failed section of San Joaquin Pipeline No. 3.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 9; carried (4-0) unanimously.

Resolution No. 96-0175: Ratifying the Declaration of Emergency made by the President of the Public Utilities Commission; and requesting the Mayor and the Board of Supervisors' approval of the expenditures of \$600,000 for emergency measures to repair the failed section of San Joaquin Pipeline No. 3 and other damages in the area.

10. Authorizing bid call for Hetch Hetchy Water & Power Contract HH-819R, Moccasin Static Excitation Retrofit.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Item 10; carried (4-0) unanimously.

Resolution No. 96-0176: Approving the final plans and specifications and authorizing bid call for Hetch Hetchy Water & Power Contract HH-819R, Moccasin Static Excitation Retrofit; and approving the transfer of \$650,000 from Hetch Hetchy O'Shaughnessy Discharge Repair Project to Moccasin Powerhouse Static Excitation Retrofit.

Items numbered 11-15 were taken collectively by the Commission as they all relate to the FERC litigation plan concerning water and power issues. Mr. Moran commented that the Commission had previously directed staff to schedule discussion on these contracts for a meeting when a full Commission is anticipated; however, there is work that needs to be completed. Mr. Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power, requested approval of contract modifications for David M. Dornbusch (Item 11) and Ronald Yoshiyama (Item 12) as these contracts require extension of time at no additional costs. Mr. Klein requested approval of part of the amount requested for Grueneich Resource Advocates (Item 13) and Henwood Energy Services, Inc. (Item 14) to provide funding for work that needs to be done in the interim and extending the contract with Bookman Edmonston (Item 15) to October 31, 1996.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Items 11 and 12 as submitted, and Items 13, 14 and 15 as amended ; carried (4-0) unanimously.

11. Resolution No. 96-0177: Authorizing the General Manager of Public Utilities to execute the fourth amendment to the agreement with David M. Dornbusch & Company, Inc., for economic consulting services related to protection of City water rights, extending the term of the contract to August 31, 1997 at no additional cost.
12. Resolution No. 96-0178: Authorizing the General Manager of Public Utilities to execute the fifth amendment to the agreement with Ronald Yoshiyama, for fishery consulting services related to protection of City water rights, extending the term of the contract to August 31, 1997 at no additional cost.

13. Resolution No. 96-0179: Authorizing the General Manager of Public Utilities to execute the second amendment to the agreement with Grueneich Resource Advocates (GRA), for as-needed legal services, increasing the contract funding by \$40,000 for a contract total not to exceed \$430,000.
14. Resolution No. 96-0180: Authorizing the General Manager of Public Utilities to execute the third amendment to the agreement with Henwood Energy Services, Inc. (HESI), for as-needed power planning services, increasing contract funding by \$40,000 for a contract total not to exceed \$640,000.
15. Resolution No. 96-0181: Authorizing the General Manager of Public Utilities to execute the eighth amendment to the agreement with Bookman Edmonston Engineering, Inc., for as-needed hydrological consulting services; extending the term of the agreement to October 31, 1996.
16. Authorizing the General Manager of Public Utilities to solicit qualified consulting firms to support Emergency Planning Services.

Moved by Commissioner Cook, seconded by Commissioner Otsea, to adopt Item 16; carried (4-0) unanimously.

Resolution No. 96-0182: Authorizing the General Manager of Public Utilities to solicit qualified consulting firms for a contract to support Emergency Planning Services for the San Francisco Public Utilities Commission.

17. Endorsing the Friends of Sterling Park's efforts to secure funding from San Francisco Beautiful for various renovations to Sterling Park; and authorizing the General Manager of the Public Utilities to sign a letter of support to be submitted as part of the grant application.

Mr. Moran stated that staff is proposing to remove Item 17 from the agenda to allow more time for staff to resolve issues addressed by the Commission at the last meeting.

Commissioner Otsea stated that the matter has to be acted on today so that Friends of Sterling Park could get the grant application to San Francisco Beautiful on time. She expressed support of Sterling Parks' proposal as it would improve the condition of the park at no cost to the City. Mr. John Mullane, General Manager of the Water Department, commented that the proposal called for short term maintenance work and does not involve any structural work. He stated that the proposal is favorable to the

City as it does not cost us any money and it would ultimately decrease our liabilities from injuries in the park.

President Makras explained that there was a concern on whether the Commission should approach this issue by setting a policy based on what is beneficial for our properties. He said setting a policy would give the Commission better direction in dealing with similar requests in the future.

The Commission agreed to calendar this item at the next regular meeting on September 24, 1996. Commissioner Otsea suggested that staff advise the Friends of Sterling Park and San Francisco Beautiful that the matter is still up for consideration by the Commission.

The following items numbered 18, 19, 20 and 21 were taken collectively by the Commission. Mr. Robert T. Cockburn, Manager, Utilities Engineering Bureau, described Class A and Class B types of emergencies.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Items 18, 19, 20 and 21; carried (4-0) unanimously.

18. Resolution No. 96-0183: Awarding the Department of Public Works Contract Specification No. 1312N, Chinatown/Northbeach Sewer Replacement, in the amount of \$850,555 to Shaw Pipelines, Inc., as the lowest responsive bidder, under an emergency declaration issued by the Director of Public Works.
19. Resolution No. 96-0184: Awarding the Department of Public Works Contract Specification No. 1307N, California Street Sewer Replacement, in the amount of \$220,565 to Uniacke Construction, Inc., as the lowest responsive bidder, under an emergency declaration issued by the Director of Public Works.
20. Resolution No. 96-0185: Awarding the Department of Public Works Contract Specification No. 1324N, Clayton Street Sewer Replacement, in the amount of \$97,806 to Esquivel Grading & Paving, Inc., as the lowest responsive bidder, under an emergency declaration issued by the Director of Public Works.

21. Resolution No. 96-0186: Awarding the Department of Public Works Contract Specification No. 1326N, Natoma Street Sewer Replacement, in the amount of \$70,636 to Marinship Construction Services, Inc., as the lowest responsive bidder, under an emergency declaration issued by the Director of Public Works.
22. Awarding the Department of Public Works Contract Specification No. 1260N, Transfer Station for Vector Trucks (Phase 2).

Harry L. Jameson, AFC Contractors, commented that some contractors do not pay the prevailing wage for cement masons and do not pay to any apprenticeship program. He asked what the percentage of work is let out to ethnic groups and African-American contractors.

Mr. Cockburn commented that for DPW contracts, staff monitors compliance of prevailing wages through certified payroll sheets and interviewing contractors and employees. He stated that there is a penalty process for those who do not meet the prevailing wage.

Mr. Cockburn noted that last year, out of \$7 million worth of sewer contracts, about 35% of the contracts and 31% of the total contract value were awarded to minority owned contractors and out of that group there were two African-American contractors. This year out of 15 contracts, five were awarded to minority owned contractors, one of which is an African-American contractor.

President Makras suggested adding a language in the resolution that the award of the contract is conditioned upon staff's determination that Clarke Construction Co. meets prevailing wage requirements and had become a signatory to an apprenticeship program.

Moved by Commissioner Cook, seconded by Commissioner Werbe, to adopt Item 22 as amended; carried (4-0) unanimously.

Resolution No. 96-0187: Awarding the Department of Public Works Contract Specification No. 1260N, Transfer Station for Vector Trucks (Phase 2), in the amount of \$104,000 to the low bidder, Clarke Construction Co. conditioned upon staff's determination that Clarke Construction meets prevailing wage requirements and that it is a signatory to a recognized apprenticeship program.

23. Authorizing bid call for Bureau of Engineering Contract 1210N, Fulton Street Sewer Replacement.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 23; carried (4-0) unanimously.

Resolution No. 96-0188: Approving the final plans and specifications, and authorizing bid call for Bureau of Engineering Contract 1210N, Fulton Street Sewer Replacement.

24. Authorizing bid call for San Francisco Water Department Contract No. WD-2179, Alemany Pump Station Standby Generator and Related Work.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 24; carried (4-0) unanimously.

Resolution No. 96-0189: Approving the final plans and specifications, and authorizing bid call for San Francisco Water Department Contract No. WD-2179, Alemany Pump Station Standby Generator and Related Work.

25. Authorizing bid call for San Francisco Water Department Contract No. WD-2196, Harry Tracy Water Treatment Plant - Standby Air Backwash Blower System.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 25; carried (4-0) unanimously.

Resolution No. 96-0190: Approving the final plans and specifications, and authorizing bid call for San Francisco Water Department Contract No. WD-2196, Harry Tracy Water Treatment Plant - Standby Air Backwash Blower System.

- 25.a. Authorizing the General Manager of Public Utilities to execute a permit with YMCA of San Francisco-Stonestown Branch.

Commissioner Otsea commented that last year there were many complaints regarding the use of the Merced Manor Reservoir for soccer program. One of the complaints was inavailability of toilet facilities. Mr. Gary Dowd, Manager of the Bureau of Commercial Land Mangement, stated that the permit now requires YMCA to provide temporary toilet facilities in the area.

President Makras directed staff to attach a letter to the permit regarding good neighbor relations and outline the City's expectations of the Permittee. He stated that staff should notify the permittee of any complaints received regarding their use of the property. Staff will consider those complaints when the permit comes up for renewal next year.

Moved by Commissioner Cook, seconded by Commissioner Werbe, to adopt Item 25.a.; carried (4-0) unanimously.

Resolution No. 96-0191: Authorizing the General Manager of Public Utilities to execute a permit with YMCA of San Francisco-Stonestown Branch, for conducting a youth soccer program on a portion of Parcel 56 of San Francisco lands (aka Merced Manor Reservoir) from September 9, 1996 through November 2, 1996 and April 7, 1997 through May 31, 1997.

CLOSED SESSION

26. Public Comments on matters to be discussed in Closed Session.

There were no public comments.

The Public Utilities Commission met in a closed session from 2:22 P.M. to 2:53 P.M. to discuss the following matters:

27. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County.

No action was taken.

28. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: A portion of Parcel 11 of former Municipal Railway right of way between San Mateo Avenue and Sylvan Avenue, San Bruno, California
Parties Negotiating: Dowd/Lymburn
Lessee: Artichoke Joe's
Under Negotiation: Price and Terms

Item 28 was removed from the agenda.

29. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):
(Dowd/Castillo/Roddy)

Existing Litigation: CCSF vs. Terri Rasmussen dba Skyline Stables

Item 29 was removed from the agenda.

30. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant
Regarding Keenan-Lovewell Ventures

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt a resolution approving the Settlement Agreement and the Grant of Easement; carried (4-0) unanimously.

Resolution No. 96-0192: Approving the terms and conditions of the Settlement Agreement and certain Grant of Easement to Keenan-Lovewell Ventures and authorizing the Director of Property to proceed with the property transaction and to prepare and submit the necessary legislation to the Board of Supervisors to accommodate said transaction.

31. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: CCSF vs. San Mateo County and Alameda County

No action was taken on Item 31.

32. Announcement following Closed Session.

President Makras announced the actions taken during the Closed Session.

33. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Werbe, seconded by Commissioner Cook, not to disclose the discussion during the Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 2:55 P.M.

Lorna T. Navarro
Acting Secretary

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P82

#3

1/24/96

MINUTES
PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

September 24, 1996
1:00 P.M.
Room 402
1155 Market Street, Fourth Floor

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COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Marion E. Otsea
Robert K. Werbe
Frank L. Cook

DEPARTMENTS

Water Department
Hetch Hetchy
Clean Water Program

BUREAUS

Commercial Land Management
Engineering and Construction Management
Environmental Regulation and Management
Finance
Information Systems
Personnel and Training
System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:07 p.m.
2. Roll Call: Present - President E. Dennis Normandy, Commissioner Marion E. Otsea, Commissioner Robert K. Werbe, Commissioner Frank L. Cook

Excused - Vice President Victor G. Makras

3. Approval of Minutes

There were no minutes submitted.

4. Communications

No action was taken.

5. Introduction of Old/Ongoing Business by Commissioners

No action was taken.

6. Introduction of New Business by Commissioners

No new business introduced by Commissioners.

7. Report of the General Manager

Bond Refinancing

Anson B. Moran, General Manager of Public Utilities, noted that the agenda item that would authorize refunding of bonds was not on today's agenda because the final bond documents were not ready and by law the Commission or any governing board cannot approve bond documents that are not in final form.

Mr. Moran reported that the presentations with the bond rating agencies went well. He said the agencies expressed their opinion that it was an aggressive capital program and it would take significant financing and rate increases. They expressed concern over whether the current administration would be willing to support the necessary rate increases to secure the bonds.

Automatic Customer Payment System

Mr. Moran reported that the Water Department had developed an automatic customer payment system for water bills. He stated that the program will pay for itself by way of interests earned from accelerated payment streams. The City Treasurer who is responsible for cash management for the City would implement the program.

MFAC Awards

Mr. Moran reported that Matthew Gass from Hetch Hetchy Water & Power was one of the three award winners of the Mayor's Fiscal Advisory Committee (MFAC) Public Managerial Excellence Awards. President Normandy directed staff to send a congratulatory letter to Matt Gass on behalf of the Commission.

Sunset Reservoir

Mr. Moran stated that staff met with the Recreation and Park Department yesterday regarding the use of Sunset Reservoir's roof for recreational purposes. The group discussed the objectives of the Recreation and Park Department, and PUC's concerns about sanitary issues. Mr. Moran stated that the Department of Health Services advised that this kind of multiple use is possible if it is properly designed. Staff would return to the Commission with a proposal to adopt a resolution authorizing staff to pursue the idea. The next step in the process is the conceptual engineering phase to determine the increase in construction costs based on the cost of replacing the roof for seismic purposes and the additional costs related to multiple use.

Commissioner Werbe suggested looking into the possibility of portable housing on top of some of our reservoirs.

Skyline Quarry and Detonation of Explosives

A letter was distributed to the Commission regarding the unpermitted use of the Peninsula watershed land at the Old Skyline Quarry for detonation and storage of explosives by the San Francisco Police Department. Mr. Moran stated that this use was not consistent with current environmental laws. The Police Department would be requesting issuance of a permit for the use of the quarry while they are looking for an alternative site. Commissioner Otsea suggested that the Police Department use the Airport's firing range that the Sheriff's office currently uses for detonating explosives.

Sunol Water Temple

Mr. Moran reported that there had been reports in the media that PUC was not going to refurbish the Sunol Water Temple but intended to demolish it in the future. President Normandy commented that last year the Commission voted to support a grant application for the renovation of the temple but the grant was turned down. He said staff was still looking at other options for restoring the temple without using ratepayers money.

Crosstown Tunnel

Mr. Moran reported on a news article regarding the Crosstown Tunnel. The tunnel is a part of the City's wastewater master plan that was anticipated to transport storm water flow from the eastern side of the city to the west side so that it could be treated and released through the ocean outfall. The Bernal Heights community had been opposed to this plan due to concerns about tunneling and odor concerns. Mr. Moran stated that this issue was linked to studies of which PUC was a part, to take highly treated waste water and move it east to the Central Valley. One option that was suggested and had been criticized by environmental groups was to take Central Valley agricultural drainage and pump it west through the City system through the ocean outfall.

Mr. Moran advised that there were two resolutions being introduced by Supervisor Kevin Shelley at the Board of Supervisors today. One was to call for a new round of studies for the next phase in the development of the Clean Water Program and the other resolution was to make it a city policy not to pursue any alternatives that would take Central Valley agricultural drainage through the City's system to the ocean. Mr. Moran stated that it was expected that the Board would adopt the two resolutions.

8. Public Comments

There was no public comment.

REGULAR CALENDAR

9. Public Hearing - Amending the Public Utilities Commission Rules of Order to provide for the naming of PUC representatives to various committees and organizations.

Moved by Commissioner Cook, seconded by Commissioner Werbe, to adopt Item 9, passed (4-0) unanimously.

Resolution No. 96-0193: Amending the Public Utilities Commission Rules of Order to provide for the naming of PUC representatives to various committees and organizations.

10. Authorizing the transfer of \$300,000 from O'Shaughnessy Discharge Repair Project to Turbine Generator Repair, Replace Project.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Item 10, passed (4-0) unanimously.

Resolution No. 96-0194: Authorizing the transfer of \$300,000 from O'Shaughnessy Discharge Repair Project to Turbine Generator Repair, Replace Project, for various maintenance activities, upgrade and redundancies on Holm and Kirkwood generator/transformer systems.

11. Authorizing application for grant funds from the U.S. Department of Energy and the Urban Consortium Energy Task Force for energy management activities.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 11, passed (4-0) unanimously.

Resolution No. 96-0195: Authorizing the transfer of \$300,000 from O'Shaughnessy Discharge Repair Project to Turbine Generator Repair, Replace Project, for various maintenance activities, upgrade and redundancies on Holm and Kirkwood generator/transformer systems.

12. Authorizing the General Manager of Public Utilities to recommend to the Board of Supervisors the approval of a Major Encroachment Permit that will allow Metricom, Inc., as lessee, to install radio repeaters on City-owned streetlight poles located in the City and County of San Francisco for a term of two years provided that the lessee shall pay \$30,000 per year and other associated permit fees.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to continue Item 12 to October 8, 1996; passed (4-0) unanimously.

13. Authorizing the General Manager of Public Utilities to sign a letter of support to the Friends of Sterling Park to secure funding for various renovations to Sterling Park.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Item 13, and amend the resolution to authorize the General Manager of Public Utilities to issue a permit for access purposes; passed (4-0) unanimously.

Resolution No. 96-0196: Endorsing the Friends of Sterling Park's efforts to secure funding from San Francisco Beautiful for various renovations to Sterling Park; and authorizing the General Manager of Public Utilities to sign a letter of support to be submitted as part of the grant application, and to issue permits for renovations to the park.

14. Approving Amendment No. 6 to the agreement with EIP Associates to provide for additional environmental monitoring and reporting services required by regulatory agencies.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Item 14, passed (4-0) unanimously.

Resolution No. 96-0197: Authorizing the Manager of Utilities Engineering Bureau to execute Amendment No. 6 to the agreement with EIP Associates to provide for additional environmental monitoring and reporting services required by regulatory agencies, increasing the contract amount by \$81,651 for a total contract amount not to exceed \$644,197; and extending contract completion date to September 30, 1998.

15. Accepting the work performed under San Francisco Water Department Contract No. WD-2150.

Commissioner Otsea expressed concern about why this item took a year for staff to process. Bayard Fong, Contract Compliance Officer, stated that he had to review whether the contractor, Uniacke Construction, Inc. had acted in good faith in listing MBE participation in their bid. Commissioner Otsea noted that this kind of delay should not occur particularly when the contractor had already completed the work and they had to wait this long to be paid.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 15, passed (4-0) unanimously.

Resolution No. 96-0198: Accepting the work performed under San Francisco Water Department Contract No. WD-2150, 8-Inch Ductile Iron Main Installation in 23rd Street between Mission Street and Potrero Avenue, and 16-Inch Feeder Main Installation in Shotwell Street between 23rd and 21st Streets, as satisfactorily completed; approving Contract Modification No. 1 in the credit amount of \$26,765.50; extending the contract time by 9 calendar days; and authorizing final payment in the amount of \$43,419.23 to the contractor, Uniacke Construction, Inc.

The following agenda items numbered 16 through 26 were adopted by a single vote of the Commission.

Moved by Commissioner Werbe, seconded by Commissioner Cook, to adopt Item 16 through Item 26, passed (4-0) unanimously.

16. Resolution No. 96-0199: Awarding the Department of Public Works Contract Specification No. 1325N, Jackson Street Sewer Replacement, between Laurel Street and Presidio Avenue, in the amount of \$194,000 to J. Woods Construction, Inc. under an emergency declaration issued by the Director of Public Works.
17. Resolution No. 96-0200: Awarding the Department of Public Works Contract Specification No. 1336N, Clarence Street Sewer Replacement, in the amount of \$78,990 to Esquivel Grading & Paving, Inc., under an emergency declaration issued by the Director of Public Works.

18. Resolution No. 96-0201: Awarding the Department of Public Works Contract Specification No. 1203N, Lyon/Baker/Washington Streets Sewer Replacement, in Lyon Street between Clay and Washington Streets, in Baker Street between Jackson Street and Pacific Avenue, and in Washington Street between Broderick and Baker Streets in the amount of \$286,546 to Harty Pipelines, Inc. as the lowest responsive bidder.
19. Resolution No. 96-0202: Awarding the Department of Public Works Contract Specification No. 1165N, North Point Water Pollution Control Plant Improvements - Phase I, in the amount of \$2,555,700 to the lowest responsive bidder, Schram Construction Inc.
20. Resolution No. 96-0203: Approving the plans and specifications and authorizing bid call for Bureau of Engineering Contract Specification No. 1221N, Lyon/Sacramento/Post Streets Sewer Replacement, to replace existing sewers in Lyon Street from Sutter Street to Bush Street, in Sacramento Street from Spruce to Locust Streets and in Post Street from Buchanan to Laguna Streets.
21. Resolution No. 96-0204: Approving the plans and specifications and authorizing bid call for Bureau of Engineering Contract No. 1255N, San Jose Avenue Sewer Replacement, to replace existing 15-inch diameter VCP sewers with 10-inch, 12-inch and 15-inch diameter VCP sewers in San Jose Avenue from 25th Street to 24th Street.
22. Resolution No. 96-0205: Approving plans and specifications and authorizing bid call for Bureau of Engineering Contract No. 1361N, Patterson Street Sewer Construction, to construct sewers and catch basins in Patterson Street from Oakdale Avenue north to dead-end.
23. Resolution No. 96-0206: Approving a modification to the contract with Protostar Computer Technology, Inc. , authorized service representative for the Southeast Water Pollution Control Plant Computer Control System; increasing the contract amount by \$30,000 and extending the term of the contract to June 30, 1997 or until work is completed whichever comes first.

- 24. Resolution No. 96-0207: Approving Contract Modification No. 5 to Contract CTPW #90-26522 with CH2M Hill, to provide engineering services for Bayside Facilities Distributed Control System, increasing the contract amount by \$545,786.
- 25. Resolution No. 96-0208: Approving a modification to Clean Water Enterprise contract (CTPW #96000106) with MEC Analytical Systems, for as-needed professional services in toxicology, physical oceanography, chemical oceanography and marine biology, increasing the contract amount by \$90,000.
- 26. Resolution No. 96-0209: Approving a new service order to Clean Water Enterprise contract (CTPW #90-84023) with Hydroconsult Engineers, for professional engineering services in conjunction with Clean Water Program projects, in the amount of \$119,942 commencing July 1, 1996 to June 30, 1997.

The Commission discussed Items 27 and 28 collectively as the two resolutions were for the same purpose of reappropriating existing funds to fund some of next year's capital projects.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Item 27 and 28, passed (4-0) unanimously.

- 27. Resolution No. 96-0210: Requesting the Controller's authorization to reappropriate \$16,733,182 between existing projects to support the Water Department's Programmatic, Facilities Maintenance and Capital Improvement Program for 1996-97.
- 28. Resolution No. 96-0211: Requesting the Mayor to recommend to the Board of Supervisors Water Department supplemental appropriation in the amount of \$7,608,629 to fund thirteen new Capital Improvement Projects.

29. Authorizing a permit to Bay Area Cellular Telephone Company, for installation of electrical and telephone conduits within a portion of Parcel 32 of San Mateo County lands.

Moved by Commissioner Werbe, seconded by Commissioner Cook, to adopt Item 29, passed (4-0) unanimously.

Resolution No. 96-0212: Authorizing the General Manager of Public Utilities to execute a permit to Bay Area Cellular Telephone Company, for installation of 1-6" ϕ electrical conduit and 1-6" ϕ telephone conduit within a portion of Parcel 32 of San Mateo County lands, located in San Carlos, San Mateo County provided that the permittee shall pay \$1,500 permit processing fee, \$350.00 inspection cost and \$2,400 annual use fee.

30. Authorizing a two-year extension for the current lease of office space for the Public Utilities Commission at 1155 Market Street.

Moved by Commissioner Cook, seconded by Commissioner Werbe, to adopt Item 30, passed (4-0) unanimously.

Resolution No. 96-0213: Authorizing the General Manager of Public Utilities to execute a two-year extension for the current lease of office space for the Public Utilities Commission at 1155 Market Street.

31. Authorizing extension of the water service contract with National Park Service for The Presidio.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 31, passed (4-0) unanimously.

Resolution No. 96-0214: Authorizing extension of the water service contract with National Park Service for The Presidio from September 30, 1996 to March 30, 1997.

32. Authorizing an amendment to the Professional Services Agreement with San Francisco Water Team, Phase 1A - Preliminary Engineering and Alternatives Analysis.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Item 32, passed (4-0) unanimously.

Resolution No. 96-0215: Authorizing the Manager of Utilities Engineering Bureau to execute Amendment No. 2 to the Professional Services Agreement with San Francisco Water Team, Phase 1A - Preliminary Engineering and Alternatives Analysis; extending the contract completion date to April 26, 1997 at no additional cost.

CLOSED SESSION

33. Public Comments on matters to be discussed in Closed Session.

There was no public comment.

Note: The meeting recessed at 2:00 p.m. and reconvened in closed session at 2:20 p.m.

The Public Utilities Commission met in closed session from 2:20 p.m. to 5:00 p.m. to discuss the following matters:

34. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chevron v. CCSF, and CCSF v. Standard, et.al. (Chevron).

No action was taken.

35. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water
Department property on Bernal Avenue in Alameda
County.

No action was taken.

36. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: A portion of Parcel 11 of former Municipal Railway right
of way between San Mateo Avenue and Sylvan Avenue,
San Bruno, California
Parties Negotiating: Dowd/Lymburn
Lessee: Artichoke Joe's
Under Negotiation: Price and Terms

No action was taken.

37. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Existing Litigation: CCSF vs. Terri Rasmussen dba Skyline Stables

No action was taken.

38. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Federal Energy Regulatory Commission (FERC) and Bay
Delta.

No action was taken.

39. Public Employee Performance Evaluation - Pursuant to Government Code Section No. 54957.

Position: General Manager of Public Utilities

No action was taken.

40. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced that there was no action taken by the Commission during the closed session.

41. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Otsea, seconded by Commissioner Werbe, not to disclose the discussion during the Closed Session; carried (4-0) by unanimous vote.

Thereupon, the meeting was adjourned: 5:01 p.m.

Romaine A. Boldridge
Secretary

MINUTES

PUBLIC UTILITIES COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

October 8, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

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COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Marion E. Otsea
Robert K. Werbe
Frank L. Cook

DEPARTMENTS

Water Department
Hetch Hetchy
Clean Water Program

BUREAUS

Commercial Land Management
Engineering and Construction Management
Environmental Regulation and Management
Finance
Information Systems
Personnel and Training
System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:06 p.m.
2. Roll Call: Present - President E. Dennis Normandy, Commissioner Marion E. Otsea, Commissioner Robert K. Werbe, Commissioner Frank L. Cook

Excused - Vice President Victor G. Makras
3. Approval of Minutes

On motion by Commissioner Werbe, seconded by Commissioner Cook, the Minutes of the Regular Meeting of September 10, 1996 were approved (4-0) by unanimous vote.
4. Communications

No action was taken.
5. Introduction of Old/Ongoing Business by Commissioners

No action was taken.
6. Introduction of New Business by Commissioners

There was no new business introduced.
7. Report of the General Manager

Anson B. Moran, General Manager of Public Utilities, reported that staff is actively involved in discussions regarding the utility infrastructure at Hunters Point and the possibility of taking over the maintenance of water and sewer systems at Treasure Island. Mr. Moran stated that discussions were moving faster than he had reported in a previous Commission meeting.
8. Public Comments

There were none.

President Normandy suggested taking the agenda out of order to discuss Item 21. Moved by Commissioner Werbe, seconded by Commissioner Cook, to consider Item 21 first; passed (4-0) unanimously.

21. Approving the terms and conditions contained in Section 2 of the Memorandum of Understanding with the San Francisco Unified School District; and authorizing the Director of Property to proceed with the sale of 1.9 acres of land under the jurisdiction of the Water Department, located on the southeast corner of 7th Avenue and Lawton Streets, known as Lot 1, Assessor's Block 1937 in San Francisco to the San Francisco Unified School District for an amount not to exceed \$10,000.00.

President Normandy stated that a special hearing had been scheduled for this afternoon at 5:00 p.m. to consider the sale of this property. However, it was the Commission's intention to take public testimony both at this time and at the special hearing.

Bill Maher, Assistant to the Mayor, urged the Commission's approval to sell the land on 7th Avenue and Lawton Street so that the City can build a youth center in the Excelsior, and a soccer field, a soft ball field and a child development facility on the site. He stated that the site is vital for these types of facilities due to its central location. There is no other location in the City to build these facilities.

William Rojas, School Superintendent, commented about the importance of the proposed facilities for the youth in the community.

Garrett Dowd, Manager, Bureau of Commercial Land Management, noted that the School District had been leasing the property since 1986. He stated that the San Francisco Water Department does not need the land and therefore the land could be declared surplus. He noted that the Real Estate Department valued the land at a cost not exceeding \$10,000.

The following individuals commented in support of the proposal to build a youth center in the Excelsior at the San Francisco Community School site: Alan Wong, Director of Treatment Services, Asian American Recovery Services; Clare Zvanski of District 8 Democratic Club; Anthony Sacco, President of the New Mission Terrace Improvement Association; James Espinoza, President, Excelsior Youth Club; Mike Maysenhulder, Chief Financial Officer for Excelsior Youth Club; Marion Aird, representative of Neighbors of Excelsior; Jim Wachob; David Hooper and Denise Collago of San Francisco Organizing Project.

The following individuals expressed their opposition to the sale of the property to the School District: George Grosso; Rebecca Silverberg; Dennis F. Quinn, President, Sunset Height Association of Responsible People (SHARP); John Barry, Treasurer, SHARP.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to continue Item 21 to a special meeting to be held at 5:00 p.m. today, October 8, 1996; passed (4-0) unanimously.

The meeting recessed at 2:20 p.m. and reconvened at 2:37 p.m.

9. Adopting a policy to incorporate additional elements in the conceptual design of the North Basin of Sunset Reservoir.

Commissioner Werbe inquired about the possibility of putting affordable housing on reservoir roofs. Also, he asked whether the Recreation and Park Department would pay the additional costs. Mr. Moran stated that staff would be looking at the feasibility of mixed use at some time. He said the Recreation and Park Department had requested use of this particular site for a long time and since the roof is scheduled for strengthening, staff would try to incorporate mixed use in the conceptual design.

Commissioner Otsea suggested discussing the change of use of the reservoir with the neighbors around the Sunset Reservoir.

Moved by Commissioner Cook, seconded by Commissioner Otsea, to adopt Item 9, passed (4-0) unanimously.

Resolution No. 96-0216: Adopting a policy to allow the San Francisco Water Department to incorporate, during the conceptual design of the North Basin of Sunset Reservoir, the additional design elements necessary for utilizing the roof surface for recreational purposes.

10. Renewing the commitment to protect and preserve the Sunol Water Temple.

Patricia Stillman from Save Our Sunol, commented that the citizens of Sunol were very pleased with the prospect of restoring the temple. She expressed concern about the incompatibility of a gravel quarry next to the restored temple.

Commissioner Werbe commented that he would be willing to support the restoration of the temple if other issues such as organic farming are not linked to it. President Normandy emphasized that the resolution gives direction to staff to take steps to determine the scope of work necessary to restore the temple. He stated that he too objects to linking the restoration of the temple with any other issues.

In response to Commissioner Otsea's query, Ms. Stillman stated that the citizens of Sunol would be willing to contribute financially to the restoration of the temple.

Moved by Commissioner Cook, seconded by Commissioner Normandy, to adopt Item 10, passed (4-0) unanimously.

Resolution No. 96-0217: Renewing the commitment of the San Francisco Public Utilities Commission to protect and preserve the Sunol Water Temple and directing staff to develop an implementation plan that includes investigation and identification of alternative funding sources for the purpose of implementing the plan.

11. To consider and discuss alternative policies to regulate public access to and operation of the Pulgas Water Temple, adjacent parking lots, and surrounding areas and adoption of selected policy for the same purposes.

Captain Paul Feyling of the San Mateo County Sheriff's Office stated that there was a history of criminal activities around the Pulgas Temple in the past and they are concerned that opening the temple to the public would result in crimes recurring in the area. Mr. Feyling stated that if the temple would be open to the public on weekends, he suggests providing extra security services during the time that the parking lot is open for the safety of the people and parked vehicles. He said that the San Mateo County Sheriff would still patrol the area but they would need extra support when things get out of hand. Mr. Moran noted that the Temple was closed in response to community concerns about safety and law enforcement issues and if public access is allowed, we would need to address security issues.

Commissioner Werbe suggested that staff check the cost to provide security services at the Temple and verify the prevailing wage for security personnel. President Normandy suggested expanding the policy to regulate public access not only for the Pulgas Temple but also for the Sunol Temple. Commissioner Cook requested a written document from the San Mateo Sheriff's Office expressing their concerns and any recommendations they can provide to staff in this regard. Mr. Moran stated that staff would return to the Commission with a report that covers the issues raised by members of the Commission.

Commissioner Otsea moved, seconded by Commissioner Cook, to continue Item 11 to the next regular meeting on October 22, 1996; passed (4-0) unanimously.

Note: President Normandy postponed discussion of Item 12 to the end of the agenda.

13. Authorizing completion of a preliminary report regarding the feasibility of the City and County acquiring, owning and operating the electric utilities distribution system in the City and County of San Francisco.

Commissioner Werbe was excused from 3:10 to 3:17 p.m.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 13, passed (3-0) unanimously. Commissioner Werbe was absent during the vote.

Resolution No. 96-0219: Authorizing the General Manager of Public Utilities to complete to the extent practicable, and submit to the Board of Supervisors by October 30, 1996 a preliminary report regarding the feasibility of the City and County acquiring, owning and operating for its citizens the electric utilities distribution system in the City and County of San Francisco.

Moved by Commissioner Otsea, seconded by Commissioner Cook to adopt the following items numbered 14 through 20 as consent items; passed (4-0) unanimously.

14. Resolution No. 96-0220: Authorizing the General Manager of Public Utilities to execute the fourth amendment to the agreement with Henwood Energy Services, Inc. (HESI), to provide consulting services related to power business analysis and strategic planning, increasing contract funding by \$350,000, for a contract total not to exceed \$990,000.
15. Resolution No. 96-0221: Authorizing the General Manager of Public Utilities to execute a professional services agreement with Bartle Wells Assoc. Inc., to provide power business analysis and strategic planning services, with contract funding not to exceed \$50,000 for FY 1996/97 and a contract term to September 30, 1999.
16. Resolution No. 96-0222: Authorizing the General Manager of Public Utilities to execute a professional services agreement with Hansen, McQuat, & Hamrin, Inc., to provide power business analysis and strategic planning services, with contract funding of \$150,000 and a contract term to September 30, 1999.

17. Resolution No. 96-0223: Authorizing the General Manager of Public Utilities to execute a professional services agreement with R. M. Hairston Company to provide consulting power business analysis and strategic planning services, with contract funding of \$50,000 and a contract term to September 30, 1999.
18. Resolution No. 96-0224: Authorizing the General Manager of Public Utilities to execute the ninth amendment to the agreement with Bookman Edmonston Engr., Inc., to provide as-needed hydrological consulting services, extending the term of the contract by one year to September 30, 1997 with no additional funding required.
19. Resolution No. 96-0225: Authorizing the General Manager of Public Utilities to execute a professional services agreement with Hannaford Consulting, Inc. (HCI), to provide consulting services regarding ongoing water related litigation, with contract funding of \$100,000 and a contract term to September 30, 1999.
20. Resolution No. 96-0226: Authorizing the General Manager of Public Utilities to execute the third amendment to the agreement with Grueneich Resource Advocates (GRA), for as-needed legal and regulatory services, increasing contract funding by \$500,000 for a contract total not to exceed \$930,000; and extending the contract term to December 31, 1999.
22. Authorizing the General Manager of Public Utilities to execute a revocable permit with City College of San Francisco for the use of a portion of Parcel 22 of the Balboa Reservoir Tract in San Francisco for student parking in the North Basin of the Balboa Reservoir and for cutting a 24-foot pathway through the middle berm at the west end of the reservoir connecting the North Basin to the South Basin to allow for vehicular access.

Peter Goldstein, Chief Operating Officer of the Community College District of San Francisco, commented that the college would bear 100% of the costs related to cutting and restoring the berm. In response to Commissioner Cook's query regarding other alternatives for access, Mr. Goldstein stated that a ramp alternative would not be feasible as it would cause them to lose parking spaces. He said cutting the berm was the least expensive, safest and fastest alternative recommended by an outside engineering firm they hired. Garrett Dowd, Manager, Bureau of Commercial Land Management, stated that the parking spaces that would be lost by using a ramp would be augmented in the entire south basin.

David Pilpel, representing the San Francisco League of Conservation Voters and the Sierra Club, commented opposing the proposal to cut the berm to allow for additional parking. He stated that City College had not actively promoted the City's "Transit First" policy and that there was no general parking crisis in the area that merits the proposed action. He said the College decreased the parking permit fee per semester and that resulted in an increase in demand for parking.

Anita Theohoris, President of Westwood Park Association, commented in favor of the resolution as it would help solve parking problems of the college and the neighborhood.

Commissioner Werbe commented that he did not like the idea of disturbing the reservoir to provide parking for students who are San Francisco residents and could use public transit. He stated that the College should encourage the students to take public transit. Mr. Goldstein responded that the College had made public transit accessible to students but they also have to accommodate the needs of students who find it practical to drive because of child care and employment outside the College.

Commissioner Otsea stated that she was opposed to cutting the berm as there is no certainty that they could restore the berm to its original state.

Commissioner Cook expressed support for the permit but he would like to see another alternative for access besides cutting the berm.

President Normandy noted that the Commission recognizes the needs of the college and the neighborhood but they are concerned about the integrity of the berm. He suggested continuing the item and directed staff to explore alternative solutions to allow the College access to the south basin of the Balboa Reservoir without cutting the berm.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to continue Item 22 to a date uncertain, passed (4-0) unanimously.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt the following items numbered 23 through 27 as consent items, passed (4-0) unanimously.

- 23. Resolution No. 96-0227: Declaring that an approximately 3,014 square feet of land under the jurisdiction of the Water Department, located southeast of Highway 84 in Niles Canyon in the town of Sunol, Alameda County, is surplus to the Water Department's operating needs; and authorizing the Director of Property to proceed with the sale of the property to the State of California, Department of Transportation for \$2,500.00.
- 24. Resolution No. 96-0228: Declaring that an approximately 5.216 acre parcel of land under the jurisdiction of the Water Department, located along the northerly side of Vallecitos Road in the Town of Sunol in Alameda County, is surplus to the Water Department's operating needs; and authorizing the Director of Property to proceed with the sale of the property to the State of California, Department of Transportation for \$64,500.
- 25. Resolution No. 96-0229: Authorizing the General Manager of Public Utilities to execute a lease with Sprint Spectrum for 1,555 square feet of Water Department land located at 250 Courtland Drive in San Bruno, California at an annual rental rate of \$1,200.
- 26. Resolution No. 96-0230: Authorizing the General Manager of Public Utilities to execute a permit with Federal Aviation Administration for a portion of Parcel 1-D of Sunset Supply Pipeline right of way in Burlingame and a portion of Parcel 28 of Millbrae Reservoir lot in Millbrae, San Mateo County, for operating and maintaining two separate low level wind shear alert system stations for an annual permit fee of \$750.00.
- 27. Resolution No. 96-0231: Authorizing an "Agreement for Acquisition of Real Property" to convey a 0.73 acres of Water Department land located in the vicinity of Millbrae Avenue between Serra and Railroad Avenues in Millbrae, California to the City of Millbrae for the Millbrae Avenue Grade Separation Project at a purchase price of \$1,250,000.

28. Presentation and Discussion of the Long Range Capital Master Plan and the Long Range Financial Plan.

Steven Carmichael, Director, Bureau of Finance, gave a presentation regarding the Long Range Financial Plan using electronic media. Mr. Carmichael stated that the funding needed to build all projects outlined in the Long Range Capital Master Plan is \$1.99 billion. He said staff was planning to fund these projects through revenue bonds and water rate increases. The recommended annual rate increase is approximately 9.9% for San Francisco retail customers and an average of 9.5% for wholesale customers. Mr. Carmichael noted that staff is planning to develop alternate financing plans, such as a commercial paper program, grant funds, and joint financing with suburban customers, so that the water rates need not be as high.

Steve Ritchie, Manager, Bureau of System Planning & Regulatory Compliance, gave a presentation regarding the Long Range Capital Master Plan. Mr. Ritchie reported that there were 40 projects (\$1.99 billion) outlined in the 10-Year Capital Improvement Program. These projects would fulfill system reliability, water quality and water supply objectives of the department. He stated that 75% (\$1.5 million) of the projects were focused on system reliability, of which \$325 million is seismic related and the rest are old age related. The capital projects were broken into three categories: committed (\$400 million); projects for which studies are under way (\$1.1 billion); and preliminary projects that are starting (\$400 Million).

Mr. Carmichael stated that staff would return to the Commission to request approval to place a revenue bond issue on the November 1997 ballot to cover three to six years of capital funding.

The Commission expressed appreciation to PUC staff and Mr. Tom Gaffney of Bartle Wells Associates, consultant for the project, for their outstanding work.

No action was taken by the Commission.

29. Report and presentation regarding the status of contract negotiations with Daly City for the use of surface water in lieu of groundwater during periods when adequate surface water supply is available.

Moved by Commissioner Cook, seconded by Commissioner Otsea, to continue Item 29, passed (4-0) unanimously.

30. Authorizing negotiation of a Memorandum of Understanding with the Cities of Daly City and San Bruno and California Water Service Company for the development of the Westside Basin Groundwater Management Plan.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 30, passed (4-0) unanimously.

Resolution No. 96-0232: Endorsing the "Westside Basin Groundwater Management Plan Principles of Development" dated July 1996; and authorizing the General Manager of Public Utilities to negotiate a Memorandum of Understanding with the Cities of Daly City and San Bruno and California Water Service Company for the development of the Westside Basin Groundwater Management Plan.

31. Authorizing extension of agreement for the operation and maintenance of the temporary Sunol turnout from the South Bay Aqueduct.

Moved by Commissioner Otsea, seconded by Commissioner Werbe, to adopt Item 31, passed (4-0) unanimously.

Resolution No. 96-0233: Authorizing extension of agreement with California Department of Water Resources for the operation and maintenance of the temporary Sunol turnout from the South Bay Aqueduct until August 1, 1997 at a cost not to exceed 125,000.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt the following items numbered 32 through 36 as consent items, passed (4-0) unanimously:

32. Resolution No. 96-0234: Awarding San Francisco Water Department Contract WD-2187, 8-Inch Ductile Iron Main Installation in Tenth Street between Market and Division Streets, Sheridan Street between Ninth and Tenth Streets; and Boardman Place between Bryant and Brannan Streets in the amount of \$614,145 to Francis Construction, Inc.
33. Resolution No. 96-0235: Approving Modification No. 4 to Contract CTPW #90-36598 with Business Development, Inc., an Odor Control Specialist, increasing the contract amount by \$71,594 and extending the term of the contract to December 31, 1996.

34. Resolution No. 96-0236: Awarding Specification/Job Number 7836P-G, Oceanside Plant West Gate Replacement, in the amount of \$62,500, to Bay Door and Construction, Inc.
35. Resolution No. 96-0237: Approving the final plans and specification for Bureau of Engineering Contract Specification No. 1171N, Channel Pump Station Variable Speed Control Improvements, and authorizing bid call.
36. Resolution No. 96-0238: Approving the final plans and specification for Bureau of Engineering Contract Specification No. 1209N, Larkin/Greenwich Street Sewer Replacement, and authorizing bid call.
37. Authorizing an agreement with O'Rorke Public Relations to provide public education, community outreach and technical assistance on water pollution prevention.

Commissioner Otsea suggested including public relations outreach for Water related projects with the Clean Water Enterprise.

Moved by Commissioner Otsea, seconded by Commissioner Werbe, to adopt Item 37, passed (4-0) unanimously.

Resolution No. 96-0239: Authorizing the General Manager of Public Utilities to negotiate and execute an agreement with O'Rorke Public Relations to provide public education, community outreach and technical assistance on water pollution prevention for the Bureau of Environmental Regulation and Management at a cost not to exceed \$450,000 for a term of three years.

CLOSED SESSION

38. Public Comments on matters to be discussed in Closed Session.

There were no public comments.

The Public Utilities Commission met in a closed session to discuss the following matters from 4:18 p.m. to 5:00 p.m.

39. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water Department
property on Bernal Avenue in Alameda County.

No action was taken on Item 39.

40. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: Crystal Springs Golf Course in San Mateo County
Parties Negotiating: CCSF: Gary Dowd
Lessee: Crystal Springs Golf Partners, L.P.
Under Negotiation: Terms

No action was taken on Item 40.

41. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: Portion of Parcel 65 in Sunol, Alameda County
Parties Negotiating: CCSF: Gary Dowd
Lessee: Mission Valley Rock
Under Negotiation: Price and Terms

No action was taken on Item 41.

42. Announcement following Closed Session.

The Commission reconvened in open session at 5:10 p.m.

Romaine A. Boldridge, Commission Secretary, announced that there were no actions taken by the Commission during the Closed Session.

43. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Otsea, seconded by Commissioner Werbe, not to disclose discussion during the Closed Session, passed (4-0) unanimously.

Note: The Commission continued discussion of unfinished business on the Regular Agenda.

12. Authorizing a Major Encroachment Permit allowing Metricom, Inc., to install radio repeaters on City-owned streetlight poles.

Kirk Wampler of Metricom, Inc. introduced the company and the type of service their company provides. Metricom provides high speed wireless data transmission services.

Denise Brady, Bureau Chief, Department of Public Works, Bureau of Street Use and Mapping, answered questions from the Commission regarding negotiation of the contract between the City and Metricom, Inc. Ms. Brady stated that the City would realize earnings of \$30,000 per year rent from Metricom for the use of the 500 light poles owned by the City. Metricom would also be charging a reduced rate of \$19.95 a month to any of the City departments that might have use of the service.

President Normandy asked for clarification regarding GTE's complaint that the department was not responsive to their request and that the dollars and cents put on the table do not compare with what should be achieved. Ms. Brady explained that in California, local municipalities are preempted from entering into agreements with telecommunication companies that fall under the State's Telecommunications Act. GTE is regulated by the Act. Metricom on the other hand uses an unregulated band width. Ms. Brady added that the Board of Supervisors also does not approve of entering into agreements that generate more free standing equipment. GTE was proposing to provide PCS antennas that generate four pieces of free standing furniture. Ms. Brady stated that given the situation, staff still encouraged GTE to put in their application. Ms. Brady stated that there was nothing inappropriately done by the Bureau of Light, Heat & Power and the Department of Public Works in dealing with either party.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Item 12, passed (4-0) unanimously.

Resolution No. 96-0218: Authorizing the General Manager of Public Utilities to recommend to the Board of Supervisors the approval of a Major Encroachment Permit that will allow Metricom, Inc., as lessee, to install radio repeaters on City-owned streetlight poles located in the City and County of San Francisco for a term of two years provided that the lessee shall pay \$30,000 per year and other associated permit fees.

Thereupon, the meeting was adjourned: 5:30 p.m.

Romaine A. Boldridge
Secretary

MINUTES

PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

SPECIAL MEETING

October 8, 1996

5:00 P.M.

Room 402

1155 Market Street, Fourth Floor

DOCUMENTS DEPT.

NOV 03 1996

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Marion E. Otsea
Robert K. Werbe
Frank L. Cook

DEPARTMENTS

Water Department
Hetch Hetchy
Clean Water Program

BUREAUS

Commercial Land Management
Engineering and Construction Management
Environmental Regulation and Management
Finance
Information Systems
Personnel and Training
System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

SF

P82

#3

10/8/96

Special

1. Call to Order: 5:30 p.m.

2. Roll Call: Present - President E. Dennis Normandy, Commissioner Marion E. Otsea, Commissioner Robert K. Werbe, Commissioner Frank L. Cook

Excused - Vice President Victor G. Makras

3. Declaring 1.9 acres of land under the jurisdiction of the Water Department, located on the southeast corner of 7th Avenue and Lawton Streets as surplus; and authorizing the sale of the property to the San Francisco Unified School District. (Continued from the 1:00 p.m. meeting of October 8, 1996.)

Chooi Eng Grosso commented opposing the proposal to build a day care center on the property due to traffic concerns.

Rebecca Silverberg, speaking for Fran Abenheimer, asked about the validity of the lease and why was the School District paying rent for an empty lot. Garrett Dowd responded that the rent was based on 50% of sales of pumpkins and Christmas trees on the lot. Thomas Berliner, Deputy City Attorney, stated that the lease was valid based on a provision of the law that if an owner continues to accept the rent from the tenant, the tenant has occupancy rights to the property depending on the circumstances. Mr. Berliner stated that with the City continuing to accept the rent the School District has the right to continue to occupy the property.

Peter Byrne, Editor of San Francisco Investigator, asked whether an independent appraiser appraised the property. Mr. Dowd responded that the City's Department of Real Estate valued the property at a cost of not less than \$10,000.

Public testimony was closed.

Moved by Commissioner Cook, seconded by Commissioner Werbe, to adopt Item 3, passed (4-0) unanimously.

Resolution No. 96-0240: Approving the terms and conditions contained in Section 2 of the Memorandum of Understanding with the San Francisco Unified School District; extending the term of the lease and eliminating the termination provision; declaring the property surplus; and authorizing the Director of Property to proceed with the sale of 1.9 acres of land under the jurisdiction of the Water Department, located on the southeast corner of 7th Avenue and Lawton Streets, known as Lot 1, Assessor's Block 1937 in San Francisco to the San Francisco Unified School District for an amount not to exceed \$10,000.00.

Thereupon, the meeting was adjourned.

5:42 P.M.

Romaine A. Boldridge
Secretary

SF
P82
#3
10/22/96

MINUTES

PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

October 22, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

DOCUMENTS DEPT.

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Marion E. Otsea
Robert K. Werbe
Frank L. Cook

NOV 03 1996

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PUBLIC LIBRARY

DEPARTMENTS

Water Department
Hetch Hetchy
Clean Water Program

BUREAUS

Commercial Land Management
Engineering and Construction Management
Environmental Regulation and Management
Finance
Information Systems
Personnel and Training
System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:07 p.m.

2. Roll Call: Present - President E. Dennis Normandy, Commissioner Marion E. Otsea, Commissioner Robert K. Werbe, Commissioner Frank L. Cook

Excused - Vice President Victor G. Makras

3. Approval of Minutes

On motion by Commissioner Otsea, seconded by Commissioner Werbe, the Minutes of the Regular Meeting of September 24, 1996 were approved as amended (4-0) by unanimous vote.

4. Communications

No action was taken.

5. Introduction of Old/Ongoing Business by Commissioners

Commissioner Makras inquired regarding the status of the City Attorney's opinion regarding lobbying by Chevron. He also asked about the status of his request to provide information on the economic impact of the August 10, 1996 power failure. Thomas M. Berliner, Utilities General Counsel, responded that the City Attorney's staff had prepared a memorandum addressing the campaign contribution ordinance. The memorandum is being reviewed before transmitting it to the Commission.

Regarding the power failure, Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power, reported that no other agencies attempted to collect statistics on the economic impact of the power outage. He said the information staff would provide the Commission is solely PUC's in-house cost due to overtime worked by staff.

No action was taken.

6. Introduction of New Business by Commissioners

There was no new business introduced by Commissioners.

7. Report of the General Manager

Anson B. Moran, General Manager, Public Utilities Commission, reminded the Commission about the dedication ceremony for the Bruce Flynn Pump Station scheduled for October 23, 1996 at 12:30 p.m. He said the event would also highlight the turn over of the pump station to the Public Utilities Commission.

Mr. Moran noted that in last week's Examiner there was an article entitled "Secret Quake Peril" regarding the possibility of a collapse of the City's water distribution system during a major earthquake in the City. Mr. Moran stated that the article referred to a 1993 report prepared by a Bond Committee which proposed a \$660 million capital improvement program. He said a memorandum was distributed to the Commission listing the various projects included in that report. Mr. Moran said that he considered the article favorable as it raised public awareness of the much needed improvements to the City's water distribution system.

8. Public Comments

Phyllis Schrobsdoaff urged the Commission's assistance in her request to obtain a reduction in her sewer charge due to a new garden at her property at 4050-19th Avenue in San Francisco. Steven Medbery, Manager, Bureau of Environmental Regulation and Management, described the criteria used to adjust the sewer bill for water used for gardening. Mr. Medbery stated that staff makes a determination based on water usage history in the past year, the size of the area being irrigated, the time of the year whether summer or winter, the condition of the garden, number of people in the household and the Water Department's figures on average consumption. Mr. Medbery stated that there is a Citizens Appeal Board that reviews appeals from anybody who is dissatisfied with the process.

President Normandy took the agenda out of order to discuss Items numbered 9, 14, 15, 16 and 17 first.

9. Rejecting the bids received for Hetch Hetchy Water and Power Contract #WP-09, Waterproof and Coat Moccasin and Priest Outlet Towers.

Lawrence T. Klein, General Manager, Hetch Hetchy Water & Power, noted that painting of the towers is a part of the Department of Health Services' (DOHS) requirement to deter swallow nesting over the reservoirs and prevent leakage into the building. He said sprinklers and netting are currently being used to deter swallow nesting but it does not adequately protect the water supply.

Commissioner Makras inquired why there was no MBE/WBE participation goal set for the contract. Bayard Fong, Contract Compliance Officer from the Human Rights Commission, explained that HRC does not typically set subcontracting goals on contracts having a single scope of work such as this project. Mr. Moran added that HRC has goals established for overall contracting where they look at the size of the contract and the nature of the market. He suggested having the Human Rights Commission make a presentation before the Commission to explain those goals and address the MBE/WBE issue related to this project.

Commissioner Otsea noted that she supports outreach on contractors but she recognizes the difficulty of getting subcontractors for "up country projects". She suggested having Hetch Hetchy staff also make a presentation and share their experience in contracting "up country".

Robert Murray, from the Painters Union of San Francisco, opposed the award of the contract to Jeffco Painting & Coating, Inc. and stated that Jeffco Painting does not comply with prevailing wage laws. He stated that Zantic Construction Painting, the low bidder, was disbarred by the School District for not complying with job specifications.

Commissioner Otsea moved to adopt a resolution awarding the contract to Jeffco. The motion died for lack of a second.

In response to Commissioner Otsea's query, Steve Ritchie, Manager, Bureau of System Planning & Regulatory Compliance, stated that there was no compliance order deadline for this project from the Department of Health Services. However, DOHS has to be advised of the change in the date of completion.

Commissioner Makras moved to reject all bids received on this project and to direct staff to review the goals for MBE/WBE participation; seconded by Commissioner Werbe; passed (4-0) unanimously.

Resolution No. 96-0241: Rejecting all bids received for Hetch Hetchy Water and Power Contract #WP-09, Waterproof and Coat Moccasin and Priest Outlet Towers.

10. To consider and discuss alternative policies to regulate public access to and operation of the Pulgas Water Temple, adjacent parking lots, and surrounding areas and adoption of selected policy for the same purposes.

Moved by Commissioner Normandy, seconded by Commissioner Otsea, to continue Item 10 to a date uncertain; passed (4-0) unanimously.

14. Authorizing a Request for Supplemental Appropriation of \$1,800,000 for the Recycled Water Master Plan Phase I Pre-Design, and a Request for Proposal to perform treatment plant design and geotechnical work.

Karen Kubick, Project Manager for the Recycled Water Master Plan, presented an overview of the Recycled Water Master Plan using video slides. Ms. Kubick stated that they were developing the Recycled Water Master Plan for purposes of fire protection, earthquake safety, drought proofing/protection, compliance with new and existing laws, and securing a reliable water supply in San Francisco.

Ms. Kubick stated that she would like to move forward with Phase 1 of the recycled water master plan to match the master plan being developed for the San Francisco Zoo. The Zoo would house the water treatment plant and the pump station.

Ms. Kubick reported that they conducted a random digit dialing survey of residents in San Francisco to get the public's opinion regarding a recycled water program. Ms. Kubick stated that the survey indicated support in making use of any available water supply. She said out of 600 people surveyed, 2/3 agreed that a \$2 additional cost for this program for a family of four was acceptable. Furthermore, 58% agreed that a \$3 additional cost would still be acceptable. Commissioner Makras noted that the survey would have been more convincing if the actual rate payers, i.e., landlords, were surveyed as they are the people directly affected by water rate increases. Commissioner Makras also asked whether staff considered the reaction of big businesses in San Francisco, such as the hotel industry. Ms. Kubick stated that staff contacted the Chamber of Commerce and surveyed other water agencies. San Francisco's water charges turned out to be the lowest and sewer charges were in the middle range.

Ms. Kubick stated that revenue bond issues would fund each phase of the project. Phase 1 of the project would be funded by 1988 Sewer Revenue Bonds. Revenue bond issues would be placed on the November 1997 ballot for succeeding phases. Commissioner Otsea requested staff to provide a report regarding unexpended balances of existing bond issues. Commissioner Makras directed staff to find out whether the recycled water master plan was part of the obligations to be funded by the 1988 Sewer Revenue Bonds. He stated he would be voting for the resolution today; however, if the 1988 bond does not allow spending for the recycled water master plan, he would ask that the Commission reconsider this item to discuss other options to fund it.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Item 14, passed (4-0) unanimously.

Resolution No. 96-0242: Authorizing the General Manager of Public Utilities to forward the Request for Supplemental Appropriation of \$1,800,000 for the Recycled Water Master Plan Phase I Pre-Design to the Board of Supervisors, and to advertise a Request for Proposal for professional services to perform treatment plant design and geotechnical work.

15. Approving Amendment No. 3 to the professional services agreement with Westin Engineering Inc.

Moved by Commissioner Otsea, seconded by Commissioner Werbe, to adopt Item 15, passed (5-0) unanimously.

Resolution No. 96-0243: Approving Amendment No. 3 to the professional services agreement with Westin Engineering Inc. for engineering services on the San Francisco Water Department Supervisory Control and Data Acquisition (SCADA) Project, extending the term of the agreement to July 31, 1997.

16. Awarding San Francisco Water Department Contract WD-2154, Cement Mortar Line 54-Inch Pipeline in Junipero Serra Boulevard from Holloway Avenue to Sloat Boulevard.

Commissioner Otsea inquired why out of town contractors are being used for the project. Derek Smith of Marinship Construction, Inc. stated that his firm, which is based in San Francisco, would be doing most of the work. Joe Pelayo, Water Department Engineer, responded that due to the highly specialized nature of mortar lining there are only a few companies in the United States who perform that type of work. Mr. Smith noted that the special equipment for mortar lining makes the work highly specialized.

Moved by Commissioner Makras, seconded by Commissioner Otsea, to adopt Item 16, passed (4-0) unanimously.

Resolution No. 96-0244: Awarding San Francisco Water Department Contract WD-2154, Cement Mortar Line 54-Inch Pipeline in Junipero Serra Boulevard from Holloway Avenue to Sloat Boulevard to J. Fletcher Creamer & Son, Inc. and Marinship Construction, Inc., a joint venture, in the amount of \$806,866.

17. Awarding San Francisco Water Department Contract WD-2190, 16-Inch Ductile Iron Feeder Main Installation in San Bruno Avenue, Paul Avenue, and Bayshore Boulevard between Bacon Street and Key Avenue.

Moved by Commissioner Makras, seconded by Commissioner Otsea, to adopt Item 17, passed (5-0) unanimously.

Resolution No. 96-0245: Awarding San Francisco Water Department Contract WD-2190, 16-Inch Ductile Iron Feeder Main Installation in San Bruno Avenue, Paul Avenue, and Bayshore Boulevard between Bacon Street and Key Avenue in the amount of \$336,150 to E. Mitchell, Inc.

11. Report and presentation regarding the status of contract negotiations with Daly City for the use of surface water in lieu of groundwater during periods when adequate surface water supply is available.

Steve Ritchie, Manager, Bureau of Systems Planning & Regulatory Compliance, reported that staff is drafting a contract to begin discussions with Daly City for the use of surface water in lieu of groundwater. The Commission had previously expressed concerns over the extent of Daly City groundwater pumping as it relates to the effect on Lake Merced and sea water intrusion. Mr. Ritchie stated that because there is no control mechanism to stop Daly City from pumping groundwater, staff had developed a contract for discussion with Daly City with provisions that: (1) there will be no increase in pumping above historic limits by Daly City; (2) that Daly City's base use of Hetch Hetchy water should be at normal rates; and (3) in excess water years, water will be made available to Daly City at a lower rate.

12. Report regarding water demand in the City and an overview of current and future demand management efforts, including reclamation and conservation.

Steve Ritchie discussed the highlights of the "Retail Water Demands" report and the current and future demand management efforts for the City and County of San Francisco. Mr. Ritchie noted that the report implied that San Francisco did an excellent job in reducing water demand due in part to water conservation practices and drought. The report also implied that existing water conservation practices will take hold and the water demand would stay relatively low. He said the development of ground water and recycled water supplies would also help reduce the demand for Hetch Hetchy water.

Mr. Ritchie reported that the CalFed process is looking at a statewide solution to increase efficiency of water use. The CalFed process includes environmental groups and other water users in the State. The California Urban Water Agencies

(CUWA) and Environmental Water Caucus are working together with the CalFed to establish a new statewide water conservation measure. CUWA is also working with Water Reuse Association of California in developing criteria which recycled water projects can follow.

Kimberly Knox, Water Conservation Administrator, gave a video slide presentation regarding water conservation programs implemented by the City such as the conservation affidavit program and the ultra low-flow toilet rebate program. Ms. Knox stated that the department had identified measures to further increase the level of water conservation, such as: (1) create a partnership with the San Francisco Housing and Redevelopment Agency to install low flow toilets in the City's low income housing units whereby the City supplies the toilet and the Redevelopment Agency provides the labor for installation; (2) offer rebates to City agencies in exchange for replacing inefficient toilets; and (3) request the Board of Supervisors to pass legislation requiring sellers to install ultra-low flow toilets prior to the sale of their property.

No action was taken.

13. Report regarding State and Federal regulation of the Clean Water Enterprise.

Mr. Ritchie gave a report regarding the regulatory structure for wastewater management and discharge. Wastewater management and discharge are regulated by permits issued by the San Francisco Bay Regional Water Quality Control Board. The City of San Francisco currently has four permits; one for wet weather overflows from the Bayside system, one for the Oceanside Plant, one for wet weather discharges from the oceanside system, and one for the Southeast Plant. Mr. Ritchie stated that these permits are issued every five years and the permit process is subject to extensive public scrutiny. He said the permit for the Oceanside Plant is up for renewal now and the Water Quality Board would be hearing the permit at their December meeting. He said the new permit will cover all of the Oceanside facilities and would include new combined national sewer policy standards which have been developed over the last few years.

Mr. Ritchie noted that the City operates under a Cease and Desist Order, an enforcement order that provides a schedule for construction of facilities required to comply with the State law.

CLOSED SESSION

18. Public Comments on matters to be discussed in Closed Session.

There were none.

The Public Utilities Commission met in Closed Session from 3:25 p.m. to 4:35 p.m. to discuss the following matters:

The agenda was taken out of order to take Item 20 first.

20. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Defendant

No action was taken.

Commissioner Werbe was excused at 4:05 p.m.

19. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Seacliff Sinkhole Litigation
Yee v. CCSF, and related claims,
Superior Court No. 980-740.

No action was taken.

21. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken during the Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Otsea, seconded by Commissioner Makras not to disclose the discussion during the Closed Session; motion passed (3-0) unanimously.

Thereupon, the meeting was adjourned:

4:36 P.M.

Romaine A. Boldridge
Secretary



MINUTES

PUBLIC UTILITIES COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

SPECIAL MEETING

October 24, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Marion E. Otsea
Robert K. Werbe
Frank L. Cook

DOCUMENTS DEPT.

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DEPARTMENTS

Water Department
Hetch Hetchy
Clean Water Program

BUREAUS

Commercial Land Management
Engineering and Construction Management
Environmental Regulation and Management
Finance
Information Systems
Personnel and Training
System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:01 p.m.

2. Roll Call: Present - President E. Dennis Normandy, Commissioner Marion E. Otsea, Commissioner Robert K. Werbe, Commissioner Frank L. Cook

Excused - Vice President Victor G. Makras

3. Workshop regarding the Hetch Hetchy Water Treatment Project.

Anson B. Moran, General Manager, Public Utilities Commission, stated that the purpose of the workshop was to discuss changing the way we disinfect and treat our water.

Steve Leonard, Program Manager, Hetch Hetchy Water Treatment Improvement Program, used video slides to present the project. Mr. Leonard discussed the background of the project which led to the current "filtration avoidance" status of Hetch Hetchy water and the plans and recommendations to assure compliance with drinking water regulations.

The recommendations were to: install chloramines system wide; implement emergency filtration improvements at the Sunol Valley and Harry Tracy water treatment plants; and construct a treated water reservoir in the Sunol Valley.

The meeting was recessed at 2:30 P.M. and reconvened at 2:45 P.M.

Commissioner Werbe noted that when you review the cost of cryptosporidium control alternatives, we may be better off financially to supply purified water on demand.

Patty Mallett, Sanitary Engineer, discussed the stakeholder interview process and its findings using an overhead projector. Some of the findings were that the public:

- thought we had great water but did not know we were considering treatment alternatives;
- favored filtration avoidance as long as we continue to meet federal EPA criteria;
- considered filtration too expensive compared to the benefits;
- wanted a cost/benefit analysis before going to filtration;
- opposed spending money not required by regulations;

- favored sequential disinfection;
- were not in favor of raising costs to everyone to benefit a few; and
- considered public health more important than money.

Commissioner Otsea pointed out that persons concerned about water quality include cancer patients, and other persons with compromised immune systems.

Arthur Jensen, General Manager of the Bay Area Water Users Association, discussed the impact of San Francisco changing its disinfection process on its suburban wholesale customers. As water retailers, they are responsible for the quality of the water they sell. If San Francisco modifies its system, they will need to modify their systems and change their wholesale operations. Mr. Jensen stressed the importance of working with San Francisco so that the suburban customers can proceed with their planning and budgeting. Mr. Jensen said that the BAWUA is willing to pay for a reliable system.

Dr. Francis Taylor of the Department of Public Health, Communicable Disease Control, commented on the incident of cryptosporidiosis in San Francisco (approximately 120 cases each year) and in other communities. She stated that there is no evidence that water is the source of the infections.

Christine Ma, of the California Department of Health Services (DHS) stated that in June 1993 DHS formally recommended to the Environmental Protection Agency that San Francisco's Hetch Hetchy system be granted filtration avoidance status, which was approved. She stated that DHS supported the PUC staff recommendations to incorporate chloramine treatment sequential disinfection system wide, to improve watershed protection, and to improve emergency response capabilities.

President Normandy open the meeting for public comments. There were none.

Mr. Leonard stated that the next step would be for staff to develop a scope of work for the conceptual engineering phase of the project.

President Normandy requested that staff make the material more comprehensible for people. He suggested developing material that would make it clear that there is no direct link between water and cryptosporidium, and that covers questions regarding the cost of filtration versus the cost of filtration avoidance and at what point do we reach the point of diminishing returns.

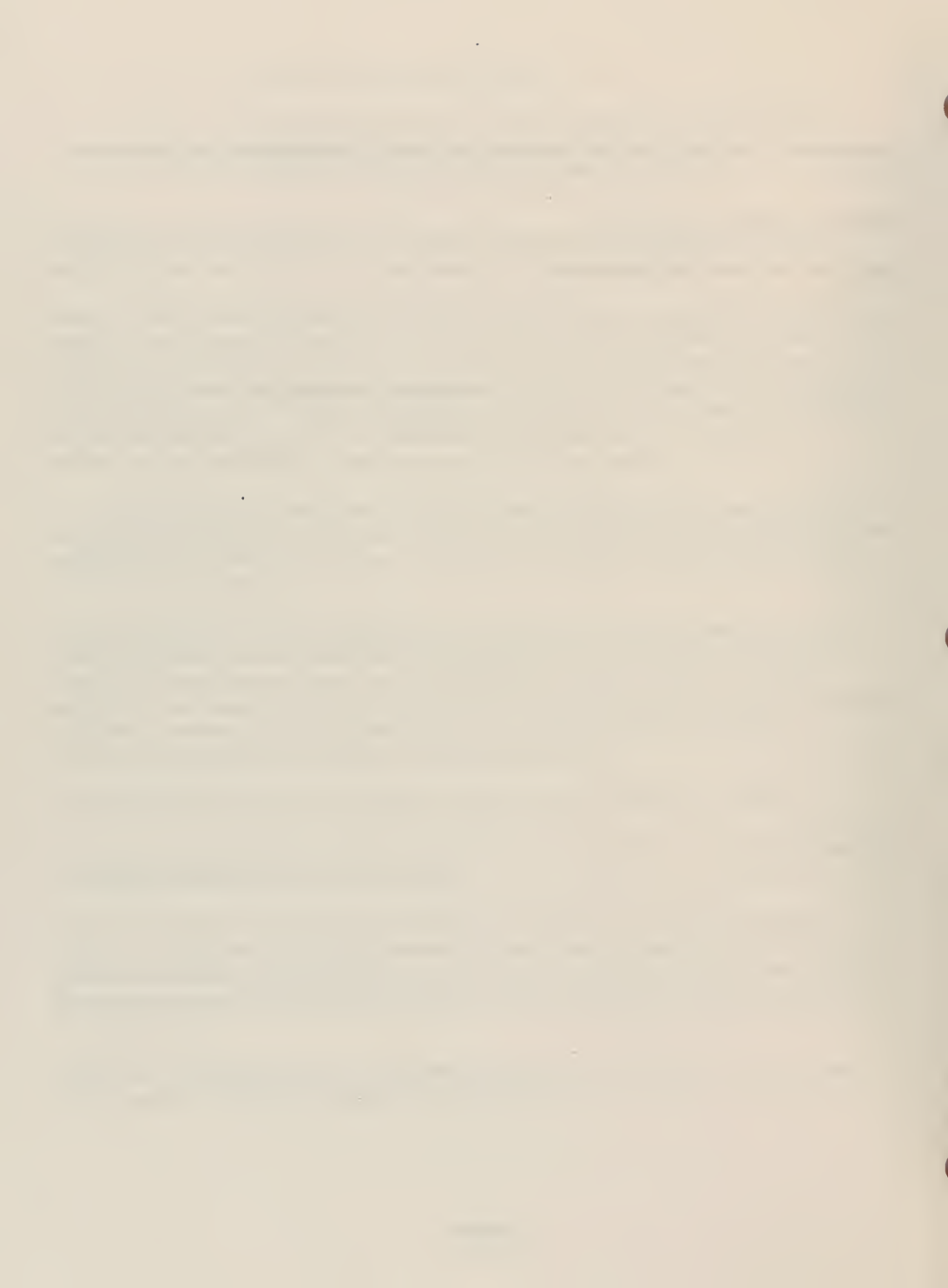
Commissioner Otsea stated that if filtration is unavoidable in the future, we will not have lost any ground by following these recommendations.

Commissioner Cook pointed out that there may be political considerations that may impact the project.

No action was taken on this item.

Thereupon, the meeting was adjourned: 4:00 P.M.

Romaine A. Boldridge
Secretary



MINUTES

PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

November 12, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

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COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Marion E. Otsea
Robert K. Werbe
Frank L. Cook

DEPARTMENTS

Water Department
Hetch Hetchy
Clean Water Program

BUREAUS

Commercial Land Management
Engineering and Construction Management
Environmental Regulation and Management
Finance
Information Systems
Personnel and Training
System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:05 p.m.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Marion E. Otsea, Commissioner Robert K. Werbe, Commissioner Frank L. Cook

3. Approval of Minutes

Commissioner Otsea moved, seconded by Commissioner Cook, to adopt the corrected Minutes of the Regular Meeting of October 8, 1996, Minutes of the Special meeting of October 8, 1996, Minutes of the Regular meeting of October 22, 1996, and the corrected Minutes of the Special Meeting of October 24, 1996; passed (5-0) unanimously.

4. Communications

No action was taken.

5. Introduction of Old/Ongoing Business by Commissioners

Commissioner Otsea asked about the status of Moccasin housing. Anson B. Moran, General Manager of Public Utilities stated that staff had prepared short term recommendations but still needed to define long term goals.

Commissioner Otsea requested that staff provide an update to the report on pending and potential litigation.

6. Introduction of New Business by Commissioners

There was no new business introduced by Commissioners.

7. Report of the General Manager

Canceling the December 24 PUC Meeting

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to cancel the regular meeting of December 24, 1996; passed (5-0) unanimously.

Resolution No. 96-0246: Canceling the regular meeting of the Public Utilities Commission scheduled on December 24, 1996.

Budget Meetings

The Commission discussed possible meeting dates of the PUC Budget Committee as follows: December 12th a.m.; December 17th p.m.; December 19th a.m.; January 7th p.m.; January 9th a.m.; January 16th a.m.; January 21st p.m.; and January 23rd a.m. The target date for final approval by the Commission of the budget for PUC departments and bureaus would be on February 11, 1996.

MBE/WBE Utilization Goals on PUC Contracts

Bayard Fong, Contract Compliance Officer with the Human Rights Commission (HRC), discussed the procedures by which HRC sets MBE/WBE participation goals on PUC projects. The process includes reviewing the scope of work, identifying the approximate dollar value of each scope of work, reviewing the minimum technical requirements of the contract, determining the participation levels for certified MBE/WBE's, and summarizing potential participants and establishing separate goals for MBEs and WBEs. Mr. Fong noted that HRC sets goals on a contract by contract basis.

Mr. Fong stated that there are situations where subcontracting goals could not be set due to the size and location of the contract and when a determination is made that there are no MBE/WBE contractors to do a particular type of work.

In response to Commissioner Otsea's query, Mr. Fong stated that State Proposition 209 does not affect HRC's operations as it only pertains to State contracts.

Commissioner Makras asked whether PUC could raise participation goals set by HRC. He said raising the goals would open opportunities to minorities in becoming prime contractors on PUC projects. Mr. Fong stated that PUC could make recommendations, however, HRC has the authority to approve participation goals.

President Normandy directed staff to return to the Commission with a recommendation on how we can raise MBE/WBE participation goals in all PUC projects.

Ballot Propositions

Mr. Moran reported on the passage of State Proposition 204 and Proposition 218 at the November 5th Election. Proposition 204 would provide money for environmental improvements to the Bay and Delta. Proposition 218 would likely affect the PUC's rate process next year. The City Attorney's Office is preparing an analysis on the impact of Proposition 218 to our rate process and our limitations.

8. Public Comments

There were none.

The Commission took the agenda out of order and discussed Item 13 first.

13. Report regarding the CALFED Bay-Delta Program from Lester Snow, Executive Director of the program.

Mr. Moran introduced Mr. Lester Snow, Executive, Director of the CalFED Bay-Delta Program, also the General Manager of San Diego County Water Authority, and Chair of the California Urban Water Agencies. CalFed is an organization of state and federal agencies that has management and regulatory responsibilities over the Bay and Delta. The Bay-Delta Program was formulated to develop long term solutions to problems affecting the Bay-Delta.

Mr. Snow gave a presentation using overhead slides regarding the status of the program. The program is composed of three phases: Phase 1 - Identifying problems and developing alternatives; Phase 2 - Program Level Environmental Impact Report/Environmental Impact Statement; and Phase 3 - Detailed Implementation. Mr. Snow stated that Phase 1 was completed and the problems identified were in the areas of water supply reliability, health of the ecosystem, system stability and water quality. He said three alternatives have been developed and structured to address four program areas - water use efficiency, ecosystem restoration, system integrity and water quality; and conveyance and storage configurations.

Mr. Snow commented about the passage of State Proposition 204 in the November 5, 1996 election. He said Proposition 204 provides funding of \$390 million to implement the ecosystem restoration program. The proposition also triggers a Federal fund authorization of \$430 million to match the funds provided by Proposition 204 for a total of approximately \$800-900 million committed to the ecosystem restoration program.

In response to President Normandy's question regarding the role of PUC in the process, Mr. Moran said that the City was only an observer and not a direct participant in the process. He said staff would continue its involvement in other closely related issues on the San Joaquin.

9. Authorizing the General Manager of Public Utilities to execute an amendment to the contract with The Planning Collaborative (TPC).

Moved by Commissioner Werbe, seconded by Commissioner Makras, to adopt Item 9, passed (5-0) unanimously.

Resolution No. 96-0247: Authorizing the General Manager of Public Utilities to execute an amendment to the contract with The Planning Collaborative (TPC) in the amount of \$325,000 to provide planning, engineering, environmental and economic consulting services in connection with the Bernal Property development application before the City of Pleasanton; and approving the release of contract retainages of approximately \$66,000 withheld on the fifth contract amendment.

10. Authorizing advertisement of a Request for Proposals to support the Water Supply & Treatment Division in the development and implementation of the Policies and Procedures Training program.

Moved by Commissioner Werbe, seconded by Commissioner Cook, to adopt Item 10, passed (5-0) unanimously.

Resolution No. 96-0248: Authorizing advertisement of a Request for Proposals from professional services firms to support the Water Supply & Treatment Division in the development and implementation of the Policies and Procedures Training program.

11. Approving an Official Statement for one or more series of San Francisco Water Revenue Bonds.

Moved by Commissioner Makras, seconded by Commissioner Werbe, to adopt Item 11, passed (5-0) unanimously.

Resolution No. 96-0249: Approving an Official Statement for one or more series of not to exceed \$145 million aggregate principal amount of San Francisco Water Revenue Bonds; and delegating to the General Manager of Public Utilities authorization to complete, execute and distribute said document and authorizing taking of necessary action.

12. Confirming the existence of the Water Department and confirming obligations under indenture to separately maintain the Water Department Revenue Fund.

Moved by Commissioner Makras, seconded by Commissioner Otsea, to adopt Item 12, passed (5-0) unanimously.

Resolution No. 96-0250: Confirming the existence of the Water Department; confirming obligations under indenture to separately maintain the Water Department Revenue Fund; confirming separate revenues of the Hetch Hetchy Project and the Clean Water Enterprise; and directing the General Manager to provide a copy of this resolution to the Controller and the Treasurer of the City and County of San Francisco.

14. Report regarding the status of the Final Sunol Valley Water Treatment Plant Improvement Plan with respect to the California Department of Health Services (DHS) Compliance Order.

Steve Leonard, Program Manager, Bureau of System Planning & Regulatory Compliance, gave a presentation regarding the Sunol Valley Water Treatment Plant Improvement Plan using overhead slides. Mr. Leonard noted that they intended the Plan to review all existing documents related to treatment plant issues, and identify any needed work to comply with DHS, meet new regulations, and to achieve optimal water supply reliability. He stated that based on the findings of the study, staff is proposing to implement the following improvements to the plant: a new 40-MG treated water reservoir, solids handling facilities, treatment upgrade and expansion to 240 million gallons per day, and expand pipelines and San Antonio pump station. He said the total estimated cost of these improvements is \$320 million.

Commissioner Werbe inquired whether it is cost effective to develop a new site for a treatment plant rather than improving the existing plant. Mr. Leonard stated that in the original siting study, staff looked at a 300-mgd stand alone plant in the Sunol Valley and the cost was estimated to be between \$480 million and \$620 million at a minimum. The biggest cost of this proposal was for the construction of major pipelines, bigger pumping facilities and 80-mgd a day reservoir. He said it was not only costly but it was also not adequate for what was being planned since it was designed for direct filtration.

Mr. Steve Ritchie, Manager, Bureau of Systems Planning & Regulatory Compliance, advised that the Plan and schedule would be submitted to the Department of Health Services on December 1, 1996. Staff would be returning to the Commission in January 1997 to obtain approval to issue a Request for Proposal for the Conceptual Engineering Phase of the project.

15. Approving the sole source contract award to Uribe and Associates to provide professional services related to the Clean Water Enterprise.

Michelle Pla, Manager, Planning & Control for the Clean Water Enterprise, explained that the sole source award was recommended by staff due to the unique qualifications and expertise of Uribe & Associates. Ms. Pla stated that Uribe & Associates had developed expertise that is not available elsewhere. San Francisco is the only city in the Bay Area that has a combined water and sewer system and there are not too many consultants with expertise in that area. She said Uribe & Associates also performed excellently as subcontractors and staff felt that they could deliver the service we need. Uribe & Associates also had worked on Clean Water issues that have not been resolved and it would be practical that they continue with this work.

Moved by Commissioner Otsea, seconded by Commissioner Werbe, to adopt Item 15, passed (5-0) unanimously.

Resolution No. 96-0251: Approving the sole source contract award to Uribe and Associates to provide professional services in the areas of environmental policy, regulations and legislation related to the Clean Water Enterprise for an annual contract amount not to exceed \$100,000 per year for three years.

16. Approving the prequalification process for system vendors for the San Francisco Water Department Supervisory Control and Data Acquisition (SCADA) project.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Item 16, passed (5-0) unanimously.

Resolution No. 96-0252: Approving the prequalification process for system vendors to be utilized in the prime construction contract for the San Francisco Water Department Supervisory Control and Data Acquisition (SCADA) project

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt items numbered 17 through 28 as consent items; passed (5-0) unanimously.

17. Resolution No. 96-0253: Accepting the work performed under Water Department Contract No. WD-2120, 8-Inch Ductile Iron Main Installation in Hyde Street between McAllister and California Streets and Turk Street between Hyde and Larkin Streets, as satisfactorily completed; approving debit contract modification No. 1 in the amount of \$40,273; extending the contract time by 74 calendar days; and authorizing final payment in the amount of \$43,160.65 to the contractor, P&J Utility Co.
18. Resolution No. 96-0254: Accepting the work performed under Water Department Contract No. WD-2151, 8-Inch Ductile Iron Main Installation in Sutter Street between Larkin and Webster Streets, as satisfactorily completed; approving debit Contract Modification No. 1 in the amount of \$22,320; extending the contract time by 46 calendar days; and authorizing final payment in the amount of \$18,942 to the contractor, P&J Utility Co.
19. Resolution No. 96-0255: Awarding Hetch Hetchy Water & Power Contract No. HH-841(R), Hetch Hetchy Monitoring Improvements-West to the low bidder, Edward W. Scott Electric Co., Inc., in the amount of \$621,100.00.
20. Resolution No. 96-0256: Awarding the Department of Public Works Contract Specification No. 1164N (Rev.), SEWPCP Building 930, Organic and Inorganic Laboratory Improvements, to the lowest responsive bidder, Nutek Construction, Inc. in the amount of \$330,000.
21. Resolution No. 96-0257: Approving the final plans and specifications for Bureau of Engineering Contract Specification No. 1219N, Buchanan/Steiner Streets Sewer Replacement; and authorizing advertisement for bids.
22. Resolution No. 96-0258: Approving the final plans and specifications for Bureau of Engineering Contract Specification No. 1252N, Shotwell Street Sewer Replacement; and authorizing advertisement for bids.

23. Resolution No. 96-0259: Approving the final plans and specifications for Bureau of Engineering Contract Specification No. 1256N, 21st/22nd/23rd Streets Sewer Replacement; and authorizing advertisement for bids.
24. Resolution No. 96-0260: Approving the final plans and specifications for Bureau of Engineering Contract Specification No. 1356N, Third Avenue Sewer Replacement; and authorizing advertisement for bids.
25. Resolution No. 96-0261: Approving the final plans and specifications for Bureau of Engineering Contract Specification No. 1364N, Concord Street Sewer Replacement; and authorizing advertisement for bids.
26. Resolution No. 96-0262: Approving Contract Modification Number 2 to Clean Water Program Contract #CTPW-9336519-01 with Haley & Aldrich to provide construction management services for the Richmond Transport Facilities Project, increasing the total contract amount by \$480,655 and extending the contract term by 77 days.
27. Resolution No. 96-0263: Approving a modification to the contract with Sunset Scavenger Co. to transport grit from sewage treatment facilities to landfill sites; increasing the contract amount by \$300,000 for a total contract amount of \$420,000 and extending the contract term to June 30, 1997.
28. Resolution No. 96-0264: Awarding the contract to transport sewage sludge from sewage treatment facilities to landfill sites to Sunset Scavenger Co. for an amount not to exceed \$1.2 million for one year.

29. Authorizing the General Manager of Public Utilities to execute a 20-year lease with Crystal Springs Golf Partners, L.P.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Item 29, passed (5-0) unanimously.

Resolution No. 96-0265: Authorizing the General Manager of Public Utilities to execute a 20-year lease, and any agreements or exhibits including the Consent to Leasehold Encumbrance, with Crystal Springs Golf Partners, L.P. for 199.4 acres of Water Department land located in the Crystal Springs Watershed in San Mateo County at an annual base rent of \$1,250,000 for the first three years, commencing on April 1, 1997.

CLOSED SESSION

30. Public Comments on matters to be discussed in Closed Session.

There were none.

The meeting recessed from 3:13 p.m. to 3:30 p.m.

The Public Utilities Commission met in Closed Session from 3:30 P.M. through 4:14 P.M. to discuss the following matters:

31. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: City and County of San Francisco v. Crystal Springs Golf Club, Inc., San Mateo Superior Court No. 393-088.

Moved by Commissioner Werbe, seconded by Commissioner Cook, to approve a settlement for Item 31, passed (5-0) unanimously.

Resolution No. 96-0266: Approving a settlement in the case of City and County of San Francisco v. Crystal Springs Golf Club, Inc., San Mateo Superior Court Action No. 393-088.

32. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: Crystal Springs Golf Course
Parties Negotiating: CCSF: Gary M. Dowd
Lessee: Crystal Springs Golf Partners, L.P.
Under Negotiation: Terms

Item 32 was removed from the agenda.

33. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: A portion of Parcel 11 of former Municipal Railway right of way between San Mateo Avenue and Sylvan Avenue, San Bruno, California
Parties Negotiating: Dowd/Lymburn
Lessee: Artichoke Joe's
Under Negotiation: Price and Terms

No action was taken on Item 33.

34. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Homer J. Olsen/Ohbayashi Corporation and Brayer/Abbett v. City and County of San Francisco and CH2M Hill in the Superior Court of the State of California in and for the County of Alameda, Northern Division, Docket Number 727093-8.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to approve a settlement for Item 34, passed (5-0) unanimously.

Resolution No. 96-0267: Approving the settlement of the Brayer/Abbett portion of the litigation regarding Homer J. Olsen/Ohbayashi Corporation and Brayer/Abbett v. City and County of San Francisco and CH2M Hill in the Superior Court of the State of California in and for the County of Alameda, Northern Division, Docket Number 727093-8.

35. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: Unlitigated Claim of Debbie Ellis

Moved by Commissioner Makras, seconded by Commissioner Werbe, to approve a settlement for Item 35, passed (5-0) unanimously.

Resolution No. 96-0268: Recommending that the Board of Supervisors resolve and settle the claim of Debbie Ellis.

36. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: Unlitigated Claim of Michael Walls

Moved by Commissioner Makras, seconded by Commissioner Werbe, to approve a settlement for Item 36, passed (5-0) unanimously.

Resolution No. 96-0269: Recommending that the Board of Supervisors resolve and settle the claim of Michael Walls.

21. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken during the Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Werbe, seconded by Commissioner Cook, not to disclose the discussion during the Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 4:15 P.M.

Romaine A. Boldridge
Secretary

MINUTES

PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

November 26, 1996

3:00 P.M.

Room 402

1155 Market Street, Fourth Floor

DOCUMENTS DEPT.

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SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Marion E. Otsea
Robert K. Werbe
Frank L. Cook

DEPARTMENTS

Water Department
Hetch Hetchy
Clean Water Program

BUREAUS

Commercial Land Management
Customer Service
Engineering and Construction Management
Environmental Regulation and Management
Finance
Information Systems
Personnel and Training
System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 3:05 p.m.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook

Excused - Commissioner Marion E. Otsea, Commissioner Robert K. Werbe
3. Approval of Minutes

On motion by Commissioner Cook, seconded by Commissioner Makras, the Commission approved the Minutes of the Regular Meeting of November 12, 1996 as amended; (3-0) by unanimous vote.
4. Communications

No action was taken.
5. Introduction of Old/Ongoing Business by Commissioners

No action was taken.
6. Introduction of New Business by Commissioners

There was no new business introduced by Commissioners.
7. Report of the General Manager

Anson B. Moran, General Manager of Public Utilities reported that last weekend's storm resulted in high turbidity at the Priest Reservoir, created rock slides and washed out part of O'Shaughnessy Dam Road. Mr. Moran stated that turbidity at the reservoir had already been controlled. Staff is currently assessing the damages on the O'Shaughnessy Road.
8. Public Comments

James Bryant, representative of SEIU, Local 790, urged the Commission's support in resolving the issue of housing for watershed keepers.

- 9.a. Authorizing the transfer of \$100,000 from UEB Operating Fund Professional Services to the City Attorney for contractual services in support of pending litigation.

Moved by Commissioner Makras, seconded by Commissioner Cook, to adopt Item 9.a., passed (3-0) unanimously.

Resolution No. 96-0270: Authorizing the transfer of \$100,000 from UEB Operating Fund Professional Services to the City Attorney for contractual services in support of pending litigation.

10. Authorizing advertisement of Request for Proposals to support the Water Quality Division in the implementation of the AWSS Cross-Connection Control Study, Phase 2.

Moved by Commissioner Cook, seconded by Commissioner Makras, to adopt Item 10, passed (3-0) unanimously.

Resolution No. 96-0271: Authorizing advertisement of a Request for Proposals from professional environmental engineering firms with expertise in water quality, hydraulic modeling, cross-connection control, backflow prevention device selection and certification, and training program development to support the Water Quality Division in the implementation of the AWSS Cross-Connection Control Study, Phase 2: Dye Test and Backflow Prevention Device Selection Program, at a cost not to exceed \$650,000.

11. Authorizing advertisement and issuance of a Request for Proposals to prospective contractors to provide certified laboratory services for the Bureau's Pretreatment Program.

Moved by Commissioner Makras, seconded by Commissioner Cook, to adopt Item 11, passed (3-0) unanimously.

Resolution No. 96-0272: Authorizing advertisement and issuance of a Request for Proposal to prospective contractors to provide certified laboratory services for the Bureau's Pretreatment Program.

12. Authorizing a contract amendment with the Department of Pesticide Regulation to continue the Green Gardening Educator Training Program.

Commissioner Makras asked why staff was extending the contract instead of letting a new one. Steve Medbery, Manager, Bureau of Environmental Regulation and Management, responded that the initial contract with the State Department of Pesticide Regulation was for one year and could be extended pending review of the City's performance during the first year. Mr. Medbery stated that there was only a limited amount of State grant money available per year. He said the City was extending the contract now to obtain the remaining grant money. Mr. Medbery stated that the program trains citizen volunteers on pest management techniques to minimize use of pesticides in home gardening.

Moved by Commissioner Cook, seconded by Commissioner Makras, to adopt Item 12, passed (3-0) unanimously.

Resolution No. 96-0273: Authorizing the General Manager of Public Utilities to sign a contract amendment with the Department of Pesticide Regulation extending the contract expiration date to September 1, 1997, and to submit an amended grant proposal for \$20,000 in 1997-1998 to continue the Green Gardening Educator Training Program.

13. Authorizing a lease with California Garden Villa, L.P. for .92 acres of land located on Parcel 213 of Bay Division Pipeline Nos. 3 and 4 right of way in Mountain View, California for storage of construction materials, trailer placement and parking.

Moved by Commissioner Makras, seconded by Commissioner Cook, to adopt Item 13, passed (3-0) unanimously.

Resolution No. 96-0274: Authorizing the General Manager of Public Utilities to execute a lease with California Garden Villa, L.P. for approximately .92 acres of Public Utilities Commission land located on Parcel 213 of Bay Division Pipeline Nos. 3 and 4 right of way in Mountain View, California, for storage of construction materials, trailer placement and parking at a monthly rental rate of \$3,394.00.

14. Authorizing a lease with Rector Motor Car Company for 1,750 square feet of land located on a portion of Parcel 23 of former Muni Railway right of way in Burlingame, California for driveway access.

Moved by Commissioner Makras, seconded by Commissioner Cook, to adopt Item 14, passed (3-0) unanimously.

Resolution No. 96-0275: Authorizing the General Manager of Public Utilities to execute a lease with Rector Motor Car Company for 1,750 square feet of Public Utilities Commission land located on a portion of Parcel 23 of former Muni Railway right of way in Burlingame, California for driveway access at a monthly rental rate of \$100.00.

CLOSED SESSION

15. Public Comments on matters to be discussed in Closed Session.

There were no public comments received.

The Public Utilities Commission met in Closed Session from 3:25 p.m. to 3:52 p.m. to discuss the following matters:

16. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chevron v. CCSF, and CCSF v. Standard, et.al. (Chevron)

No action was taken.

17. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water
Department property on Bernal Avenue in Alameda
County.

No action was taken.

18. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken during the Closed Session.

19. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Makras not to disclose the discussion during the Closed Session; passed (3-0) by unanimous vote.

Thereupon, the meeting was adjourned: 3:55 P.M.

Romaine A. Boldridge
Secretary

MINUTES

PUBLIC UTILITIES COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

REGULAR MEETING

December 10, 1996

1:00 P.M.

Room 402

1155 Market Street, Fourth Floor

DOCUMENTS DEPT.

JAN 09 1997

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

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System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 1:04 p.m.
2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Marion E. Otsea, Commissioner Robert K. Werbe, Commissioner Frank L. Cook

3. Approval of Minutes

Commissioner Cook moved, Commissioner Werbe seconded, to approve the Minutes of the Regular Meeting of November 26, 1996; motion passed (5-0) unanimously.

4. Communications

No action was taken.

5. Introduction of Old/Ongoing Business by Commissioners

Commissioner Otsea reported that she had attended the Fall Conference of the Association of California Water Agencies. The prime topic was Proposition 218. ACWA intends to develop a response to this issue.

Commissioner Otsea asked that Commissioners be advised of when the following organization have meetings: American Management Association, American Public Works Association, American Public Power Association, American Water Works Association, Association of California Water Agencies, Association of Metropolitan Water Agencies, Association of Metropolitan Sewerage Agencies, California Municipal Utilities Association and Water Use.

President Normandy asked that staff identify those organizations where it would be appropriate to have Commission level participation, and a second category of organizations for upper level management participation.

Commissioner Werbe requested that staff provide a list of the costs of membership in each organization.

6. Introduction of New Business by Commissioners

Vice President Makras congratulated staff on the revenue bond sale that took place December 3, 1996 resulting in a savings of \$3.4 million.

7. Report of the General Manager

Bond Sale

Anson B. Moran, General Manager of Public Utilities, commented on the recent bond sale. In addition to refunding existing bonds, the department sold \$75 million worth of new bonds which he said would basically fund next year's capital program. He stressed the need to deliver on the projects that have been funded.

Steven Carmichael, Director, Bureau of Finance, reported that the bond counsel suggested that agencies affected by State Proposition 218 may want to consider adopting rates for multiple years prior to July 1, 1997.

Thomas M. Berliner, Utilities General Counsel, said that the Commission could adopt a multiple year rate increase, however, that is not to say that it would or would not conform to Proposition 218.

Commissioner Makras stated that if the department maintained the same level of operations next year and used all of the bond money for the capital program, the only item to be funded next year would be the debt. If we have revenues in excess of \$5 million, we could have no rate increase next year. Mr. Moran stated that the suburban customers would be due a repayment next year which would make continuing the current rate almost impossible.

State Water Resource Control Board Enforcement Action

Mr. Moran reported that the department had been fined for various waste water overflows over the course of a year. A response was due today. Staff requested an extension of time from the State Board so that the matter may be presented to the Commission on January 14, 1997.

Budget

Mr. Moran stated that the December meeting dates for the Budget Committee were canceled. Staff is still working with the Department of Public Works on budgetary issues concerning the transfer of the Clean Water Program.

Award

Tracy M. Stigers, Chief Engineer for Brown and Caldwell representing American Society of Civil Engineers, presented the City and County of San Francisco with an Award for Excellence in Engineering Management for the Oceanside Project for the quality and effectiveness of the engineering management program.

Exhibit

Cheryl Davis, Manager, Water Supply & Treatment Division, stated that the Watershed Perspectives Project would consist of a month long exhibit in the new Main Library which would combine art, photography, poetry and science. The primary purpose would be to communicate to the public what a watershed is and how you protect it. It will be part of a larger program of public education.

Poster

Steve Leonard, Program Manager, presented a poster which had been presented to the American Water Quality Technology Conference of the American Water Works Association describing how San Francisco deals with an unfiltered water source in a filtered water world.

Commissioner Otsea suggested that staff consider forming a Technical Advisory Committee on Cryptosporidium and ask the University of California Cancer Center to participate.

Conservation

John Mullane, Manager, Bureau of Customer Service, described some of the elements of the Conservation Program and said that in addition to saving water the program was an opportunity for the department to become more visible in the neighborhoods as a good neighbor. Staff intends to propose: legislation that would require retrofitting of toilets with a 1.6 gallon unit at the time of sale of the property; continuation of the rebate program; and a new program to buy toilets for the average residential customer in the City and for low cost housing coalitions.

Commissioner Makras suggested that the department become more pro-active and telephone customers with high bills. Mr. Mullane replied that staff intends to revive a former practice where the meter reader leaves a notice on the door knob when they encounter high consumption in the field.

California Urban Water Agencies

Mr. Moran reported that CUWA conducted a study of water quality in the bay delta and the treatment needed to bring that water to drinking water standards. The report will be published in the near future.

Hiring Status Report

Mr. Moran stated that the December hiring report shows that hiring has been slow in recent months. Many of the new positions were anticipated to be filled near the end of this fiscal year. He reported that staff is on track to accomplish the hiring as scheduled.

Agenda

Mr. Moran removed Items 32 and 36 from the agenda.

8. Public Comments

There were none.

On recommendation of President Normandy, it was moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt items numbered 9 and 11 through 13 together; passed (5-0) unanimously.

9. Authorizing execution of the Twelfth Amendment to the agreement with Ellison and Schneider to provide legal services on water related issues.

Commissioner Makras commented that when staff intends to continue a contract for several years due to the sensitive nature of the work and the participation in a team effort, the long term nature of the contract should be stated from the beginning in the request for proposals.

Commissioner Werbe questioned the hourly rates. Mr. Berliner replied that the rates range from \$210-\$220 for the principal attorney to \$70-\$80 for beginning attorneys and para legals.

Commissioner Cook inquired as to whether the increase in the contract would be for higher billing rates or additional work. Mr. Moran replied additional work.

On the question, the following resolutions were adopted:

Resolution No. 96-0276: Authorizing the General Manager of Public Utilities to execute the Twelfth Amendment to the agreement with Ellison and Schneider to provide legal services on water related issues; extending the term of the contract to December 31, 1997; and increasing the contract amount by \$715,000 for a total amount not to exceed \$5,745,900.

11. Resolution No. 96-0278: Authorizing the General Manager of Public Utilities to execute the Tenth Amendment to the agreement with JRP Historical Consulting Services (JRP) to provide as needed historical consulting services and research, extending the term of the contract to December 31, 1997, and increasing the contract funding by \$30,000, for a total contract amount not to exceed \$682,240.

12. Resolution No. 96-0279: Authorizing the General Manager of Public Utilities to execute the Fifth Amendment to the agreement with Peter Moyle, Ph.D. to provide as needed professional services on matters related to Bay-Delta hearings, extending the contract term to December 31, 1997 at no additional cost.
13. Resolution No. 96-0280: Authorizing the General Manager of Public Utilities to execute the Sixth Amendment to the agreement with Murray, Burns, and Kienlen, Inc. to provide hydrological engineering services, increasing contract funding by \$50,000 for a total contract amount not to exceed \$263,500, and extending the contract term to December 31, 1997.
10. Authorizing execution of the Fourth Amendment to the agreement with Hooper, Hooper, Owen & Gould.

Commissioner Makras moved, seconded by Commissioner Werbe to continue this item. Commissioner Otsea pointed out that the current contract would expire on December 31, 1996 and the PUC would not have representation for some period of time between the end of the year and the next Commission meeting on January 14, 1997. Mr. Moran stated that the Mayor was considering hiring a lobbyist for all City departments. The PUC contract has a 30-day cancellation provision.

The motion to continue the item was withdrawn.

Commissioner Makras moved to amend the resolution to extend the contract for 60 days at the current rate (\$15,000 per month) plus \$10,000 for reimbursable travel expenses. Commissioner Werbe seconded. The motion passed (5-0) unanimously.

Resolution No. 96-0277: Authorizing the General Manager of Public Utilities to execute the Fourth Amendment to the agreement with Hooper, Hooper, Owen & Gould to perform lobbyist services for water and energy matters; agreeing to a two-month extension to February 28, 1997 and such expenses as are incurred in the performance of services including reimbursable travel expenses up to but not exceeding \$10,000 for a total contract amount not to exceed \$910,000.

On recommendation of President Normandy, it was moved by Commissioner Werbe, seconded by Commissioner Makras, to adopt items numbered 14 through 16 together, passed (5-0) unanimously.

14. Resolution No. 96-0281: Authorizing the General Manager of Public Utilities to execute a permit with the City of Milpitas to construct a sidewalk and relocate an existing road sign within a portion of Parcel 111-C of Bay Division Pipeline Nos. 3 and 4 right-of-way, located in Milpitas, Santa Clara County.
15. Resolution No. 96-0282: Authorizing the General Manager of Public Utilities to execute Amendment No. 5 to the professional services agreement with EDAW, Inc. to finalize Phase IV of the Watershed Management Plans and Program Environmental Reports Project; increasing the contract amount by \$189,042 for a total contract amount not to exceed \$2,776,042; and extending the total agreement term to 68 months.
16. Resolution No. 96-0283: Authorizing the General Manager of Public Utilities to execute a professional services agreement with Public Affairs Management, Inc. to finalize the Watershed Planning Project and conduct as-needed public relations activities for an amount not to exceed \$49,000 and a contract term not to exceed 18 months.
17. Report on the purpose and progress of the Lake Merced Project Plan.

Steve Ritchie, Manager, Bureau of System Planning & Regulatory Compliance, reported that staff has been working with the Recreation and Park Department, Department of Public Works and public groups interested in the lake on the development of a Lake Merced Project Plan. He said that he anticipates presenting a comprehensive plan to the Commission in the summer covering the actions to be taken and identifying funding for the projects.

18. Authorizing execution of a contract with Montgomery Watson/Ellington/Balloffet Joint Venture.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt Item 18, passed (5-0) unanimously.

Resolution No. 96-0284: Authorizing the Manager of the Bureau of System Planning and Regulatory Compliance to negotiate and execute a contract with Montgomery Watson/Ellington/Balloffet Joint Venture to provide professional services on the Water Supply Master Plan Phase 1 Scope of work and Work Plan Development in an amount not to exceed \$200,000 over seven months.

On recommendation of President Normandy, it was moved by Commissioner Werbe, seconded by Commissioner Otsea to adopt items numbered 19 through 27 together; passed (5-0) unanimously.

19. Resolution No. 96-0285: Requesting the Board of Supervisors to amend the Administrative Code Section 6.1-1 to provide for additional time for awarding PUC contracts.
20. Resolution No. 96-0286: Establishing PUC policies regarding construction contract change orders and contract modifications.
21. Resolution No. 96-0287: Awarding San Francisco Water Department Contract No. WD-2192, 16-Inch Ductile Iron Pipe and 10-Inch Steel Pipe Casing Installation in John Muir Drive from East of Skyline Boulevard to West of Skyline Boulevard, in the amount of \$88,330 to Trinet Construction Company.
22. Resolution No. 96-0288: Approving the award of San Francisco Water Department Contract No. WD-2206, Replace Castlewood Reservoir, in the amount of \$882,885 to the lowest responsive bidder, A. Ruiz Construction Co. & Associates, Inc.; and approving the transfer of \$200,000 from "Pulgas Valve Lot Upgrade Project" to "Replace Castlewood Reservoir Project".
23. Resolution No. 96-0289: Awarding the Department of Public Works Contract Specification No. 1210N, Fulton Street Sewer Replacement, in the amount of \$288,000 to the lowest responsive bidder, K. J. Woods Construction, Inc.

24. Resolution No. 96-0290: Awarding the Department of Public Works Contract Specification No. 1255N, San Jose Avenue Sewer Replacement, in the amount of \$116,115 to the lowest responsive bidder, Uniacke Construction, Inc.
25. Resolution No. 96-0291: Awarding the Department of Public Works Contract Specification No. 1221N, Lyon/Sacramento/Post Streets Sewer Replacement, in the amount of \$264,000 to the lowest responsive bidder, K.J. Woods Construction, Inc.
26. Resolution No. 96-0292: Approving the final plans and specifications for Bureau of Engineering Contract Specification No. 7515E, Concrete Repairs at South East Water Pollution Control Plant (SEWPCP) - Building 200 Influent Channel, and authorizing advertisement for bids.
27. Resolution No. 96-0293: Approving Contract Modification No. 2 to Clean Water Program Contract No. CTPW-96000114 with Hydroconsult Engineers; increasing the contract amount by \$14,797 to provide additional hydrologic and hydraulic studies associated with the Seacliff Sewer and Slope Stabilization Project.

On recommendation of President Normandy, Commissioner Makras moved, seconded by Commissioner Werbe, to adopt items numbered 28 through 31 together; passed (5-0) unanimously.

28. Resolution No. 96-0294: Authorizing the General Manager of Public Utilities to execute an amendment to the lease with Jack Sparrowk, dba Sparrowk Livestock, for 9,850 acres of land, Parcel 48, located in Alameda and Santa Clara Counties, extending the lease term on a month-to-month basis; and approving the base rate to continue based on the previous Animal Unit Month (AUM) rate of \$12.30 per AUM.
29. Resolution No. 96-0295: Authorizing the General Manager of Public Utilities to execute an amendment to the lease with Robert J. Nielsen, dba TN Cattle Co., Inc., extending the lease term on a month-to-month basis; and approving the base rate to continue based on the previous Animal Unit Month (AUM) rate of \$12.30 per AUM.

30. Resolution No. 96-0296: Authorizing the General Manager of Public Utilities to execute a lease with J.R.S. Moving and Storage, North, Inc. for approximately 0.37 acres of Public Utilities Commission land located on a portion of Parcel 2008 of Bay Division Pipeline Nos. 1 and 2 right of way in Menlo Park for truck parking purposes at a rental rate of \$700 per month.
31. Resolution No. 96-0297: Authorizing the General Manager of Public Utilities to execute a lease with Kollreal, a California General Partnership, for approximately 1.10 acres of Public Utilities Commission land located on Parcel 158 of Bay Division Pipeline Nos. 3 and 4 right of way in Sunnyvale, California for parking lot and related landscaping at a monthly rental rate of \$2,800.00.
32. Authorizing the General Manager of Public Utilities to execute a lease with Evergreen Media Corporation of Los Angeles, for approximately 4 acres of Public Utilities Commission land located on a portion of Parcel 46 of San Mateo County lands located in East Palo Alto, California for maintaining a remote controlled transmitter station including appurtenant ground system, tower, transmitter building and access thereto over City's 50 ft. private roadway at a monthly rental rate of \$2,500.00.

Item 32 was removed from the agenda.

33. Approving an amendment to the City Charter to correct the new priority schedule for bonds.

Moved by Commissioner Makras, seconded by Commissioner Cook, to adopt Item 33, passed (5-0) unanimously.

Resolution No. 96-0298: Approving an amendment to the City Charter to correct the new priority schedule for bonds; and requesting the Board of Supervisors to submit this Charter Amendment to the electorate at the next City-wide special or general election to be held in the City of San Francisco.

CLOSED SESSION

34. Public Comments on matters to be discussed in Closed Session.

There were no comments.

The meeting was recessed from 2:40 p.m. to 3:00 p.m.

The Public Utilities Commission met in closed session from 3:00 p.m. to 3:50 p.m. to discuss the following matters:

35. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Chevron v. CCSF, and CCSF v. Standard, et.al. (Chevron)

No action was taken on Item 35.

36. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property: California Book Site, 11 Phelan Avenue, San Francisco
Portion of Assessor's Block No. 3180

Parties Negotiating: Dowd/Cohen

Lessee: Undetermined

Under Negotiation: Price and Terms

Item 36 was removed from the agenda.

37. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: Regarding claim by East Bay Regional Park District.

Moved by Commissioner Makras, seconded by Commissioner Werbe, to adopt Resolution No. 96-0299, passed (5-0) unanimously.

Resolution No. 96-0299: Authorizing payment of \$23,005.19 to the East Bay Regional Park District for helicopter services provided to the City during the 1994 fire season; and urging the Board of Supervisors to approve payment of this claim.

38. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: Regarding the State Water Resource Control Board Water Rights Proceedings.

No action was taken on Item 38.

- 38.a. Conference with Legal Counsel - Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation: As Plaintiff and as Defendant
Regarding 500+ acres of San Francisco Water Department property on Bernal Avenue in Alameda County.

Moved by Commissioner Werbe, seconded by Commissioner Otsea, to adopt Resolution No. 96-0300, passed (5-0) unanimously.

Resolution No. 96-0300: Recommending that the Board of Supervisors authorize an extension of the Tolling Agreement between the County of Alameda, the City and County of San Francisco and the City of Pleasanton and requesting the City Attorney to draft and submit a resolution to the Board of Supervisors seeking such authorization.

39. Announcement following Closed Session.

Romaine A. Boldridge, Commission Secretary, announced the actions taken during the Closed Session.

40. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Werbe, seconded by Commissioner Otsea not to disclose the discussion during the Closed Session; motion passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 3:58 P.M.

Romaine A. Boldridge
Secretary

MINUTES

PUBLIC UTILITIES COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

SPECIAL MEETING

December 26, 1996

10:30 A.M.

Room 402

1155 Market Street, Fourth Floor

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System Planning and Regulatory Compliance
Water Pollution Control

Anson B. Moran
GENERAL MANAGER

Romaine A. Boldridge
SECRETARY

1. Call to Order: 10:43 A.M.

2. Roll Call: Present - President E. Dennis Normandy, Vice President
Victor G. Makras, Commissioner Robert K. Werbe,
Commissioner Frank L. Cook

Commissioner Marion E. Otsea arrived at 10:58 A.M.

3. Public Comments on matters to be discussed in Closed Session.

There were no public comments.

4. Conference with Legal Counsel - Pursuant to Government Code Section
54956.9(b)(c), Anticipated Litigation, As Defendant. This matter had been removed
from the agenda.

Prior to going into Closed Session, Commissioner Makras inquired about the form of
the notice for this meeting and why it was changed from an attorney-client matter to
a personnel matter.

Thomas M. Berliner, Utilities General Counsel, replied that the City Attorney's Office
requested the change in the notice to more accurately reflect the subject matter of
the Closed Session which relates to activities by the General Manager. Initially, the
City Attorney's Office advised that the subject matter was an attorney-client matter
under anticipated litigation. Upon reflection, the City Attorney's Office
recommended reissuance of the notice as a performance review.

The Public Utilities Commission met in Closed Session from 10:52 A.M. to 12:30
P.M., at which time the Closed Session was recessed and reconvened from 1:20
P.M. to 2:25 P.M. to discuss the following matter:

5. Personnel Matter - Review of the Performance of the General Manager, under Government Code Section 54957.

Moved by Commissioner Otsea, seconded by Commissioner Cook, to adopt the following resolution, passed (5-0) unanimously.

Resolution No. 96-0301: Directing the General Manager to prepare immediately a proposal for the Commission's review of an independent audit of the senior management and financial affairs of the Public Utilities Commission, including but not limited to bond financing and matters associated with the Commission's Capital Improvement Program.

Commissioner Werbe was excused at 2:20 P.M.

6. Announcement following Closed Session.

Thomas M. Berliner, Utilities General Counsel, announced the action taken during the Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Otsea, seconded by Commissioner Cook, not to disclose the discussion during the Closed Session. Commissioner Makras spoke against the motion. On the question, the motion passed (3-1). Commissioner Makras voted no.

Thereupon, the meeting was adjourned: 2:30 P.M.

Romaine A. Boldridge
Secretary

